

Economics Group

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ISM: Dismal Reading for Service Sector in November

The ISM Non-Manufacturing Report on Business gave back the improvement of the prior 2 months, indicating renewed contraction in the service sector. Contracting business activity led the decline, and jobs are lacking.

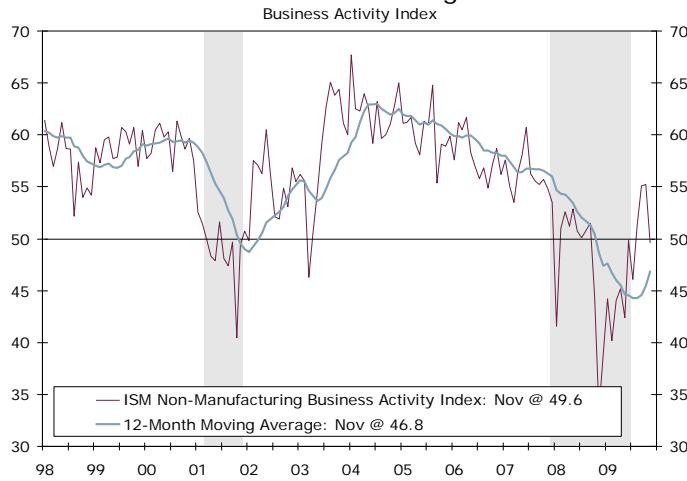
Consumers Back to Being Cautious

- After two months of tentative expansion, the headline reading of 48.7 signaled contraction in the service sector. The business activity index fell 5.6 points, and order backlog and supplier deliveries weakened significantly, but continued growth in new orders justifies hopes for future improvement.
- Prices paid by businesses moved higher, reflecting rising commodity prices, particularly for oil and its derivatives.

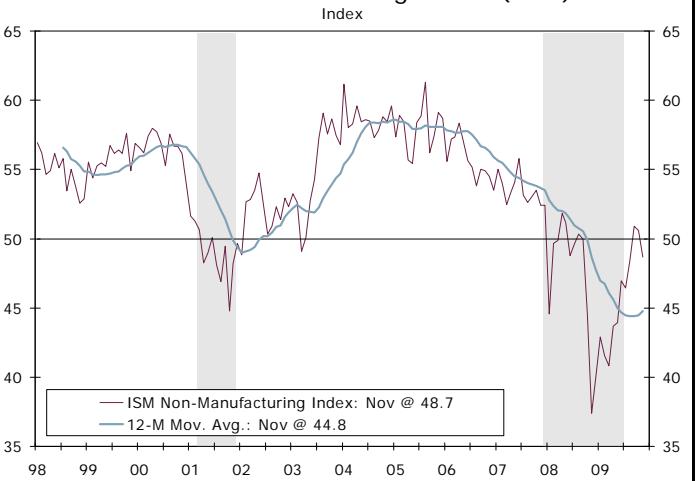
Service Industry Rests Hopes on Jobs

- In total, 11 of 17 industries reported contraction as realities of a slow recovery set in. Without real improvement in the labor market, the consumer-driven service sector will continue to notch sub-par performance.
- The employment index remained extremely weak, which does not bode well for the nonfarm employment figures to be released tomorrow.

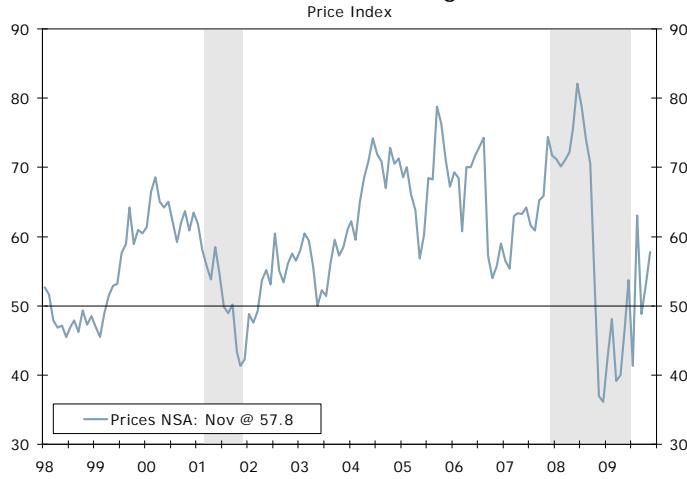
ISM Non-Manufacturing Index



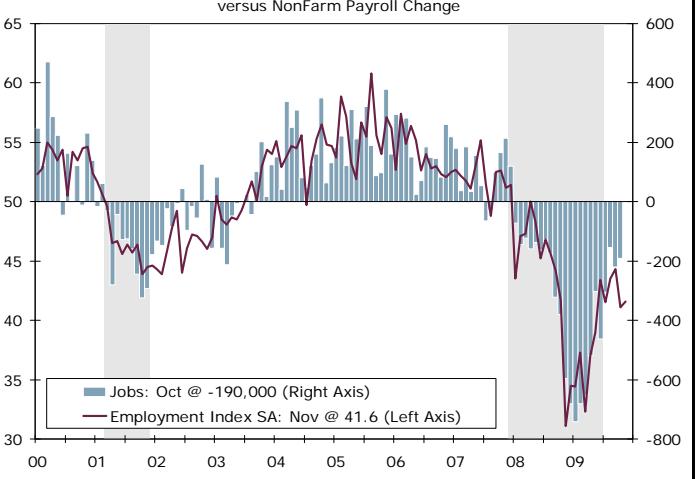
ISM Non-Manufacturing Index (NMI)



ISM Non-Manufacturing Index



ISM Non-Manufacturing Employment



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