

Economics Group

Kim Whelan, Economic Analyst
kim.whelan@wachovia.com • 704.715.8457

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.

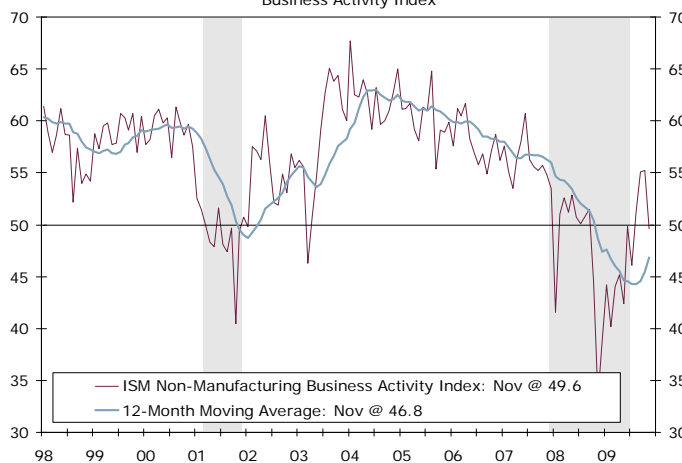
Consumers Back to Being Cautious

- 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.

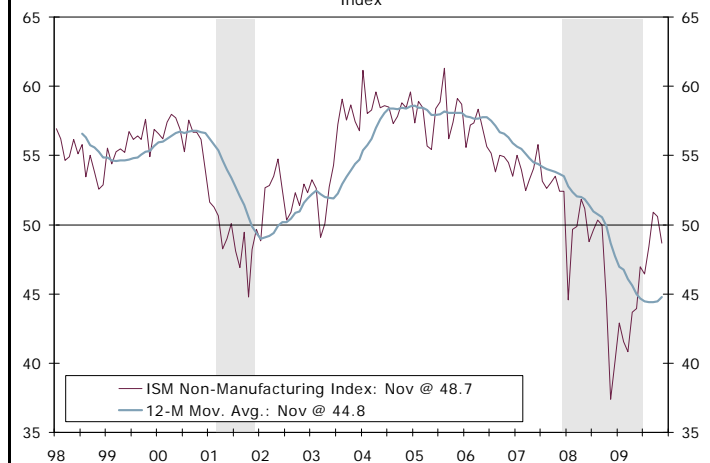
Service Industry Rests Hopes on Jobs

- 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.

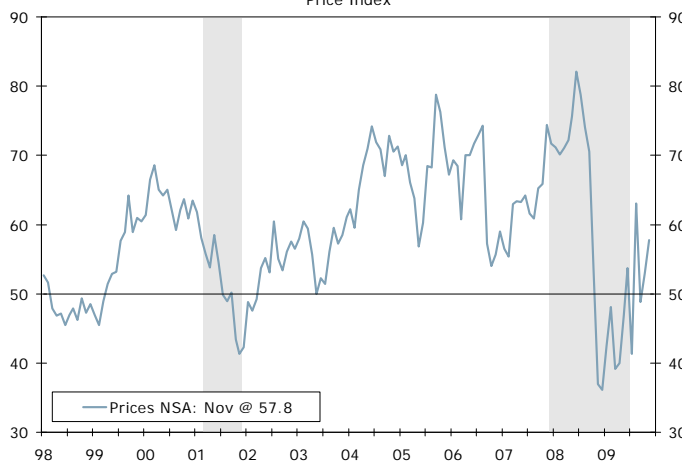
ISM Non-Manufacturing Index
Business Activity Index



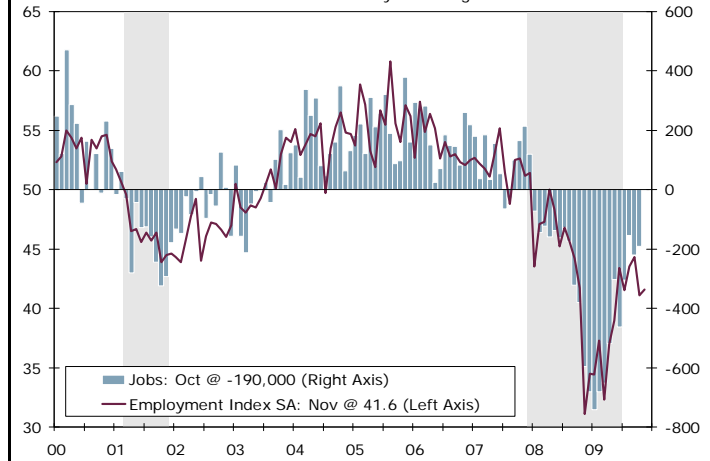
ISM Non-Manufacturing Index (NMI)
Index



ISM Non-Manufacturing Index
Price Index



ISM Non-Manufacturing Employment
versus NonFarm Payroll Change



Source: Institute for Supply Management and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

Diane Schumaker-Krieg	Global Head of Research & Economics	(704) 715-8437 (212) 214-5070	diane.schumaker@wachovia.com
John E. Silvia, Ph.D.	Chief Economist	(704) 374-7034	john.silvia@wachovia.com
Mark Vitner	Senior Economist	(704) 383-5635	mark.vitner@wachovia.com
Jay Bryson, Ph.D.	Global Economist	(704) 383-3518	jay.bryson@wachovia.com
Scott Anderson, Ph.D.	Senior Economist	(612) 667-9281	scott.a.anderson@wellsfargo.com
Eugenio Aleman, Ph.D.	Senior Economist	(612) 667- 0168	eugenio.j.aleman@wellsfargo.com
Sam Bullard	Economist	(704) 383-7372	sam.bullard@wachovia.com
Anika Khan	Economist	(704) 715-0575	anika.khan@wachovia.com
Azhar Iqbal	Econometrician	(704) 383-6805	azhar.iqbal@wachovia.com
Adam G. York	Economist	(704) 715-9660	adam.york@wachovia.com
Ed Kashmarek	Economist	(612) 667-0479	ed.kashmarek@wellsfargo.com
Tim Quinlan	Economic Analyst	(704) 374-4407	tim.quinlan@wachovia.com
Kim Whelan	Economic Analyst	(704) 715-8457	kim.whelan@wachovia.com
Yasmine Kamaruddin	Economic Analyst	(704) 374-2992	yasmine.kamaruddin@wachovia.com

Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo & Company, Wachovia Bank N.A., Wells Fargo Bank N.A., Wells Fargo Advisors, LLC, and Wells Fargo Securities International Limited. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company © 2009 Wells Fargo Securities, LLC.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE

