



Economics Group

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ISM Non-Manufacturing Better Than Expected in September

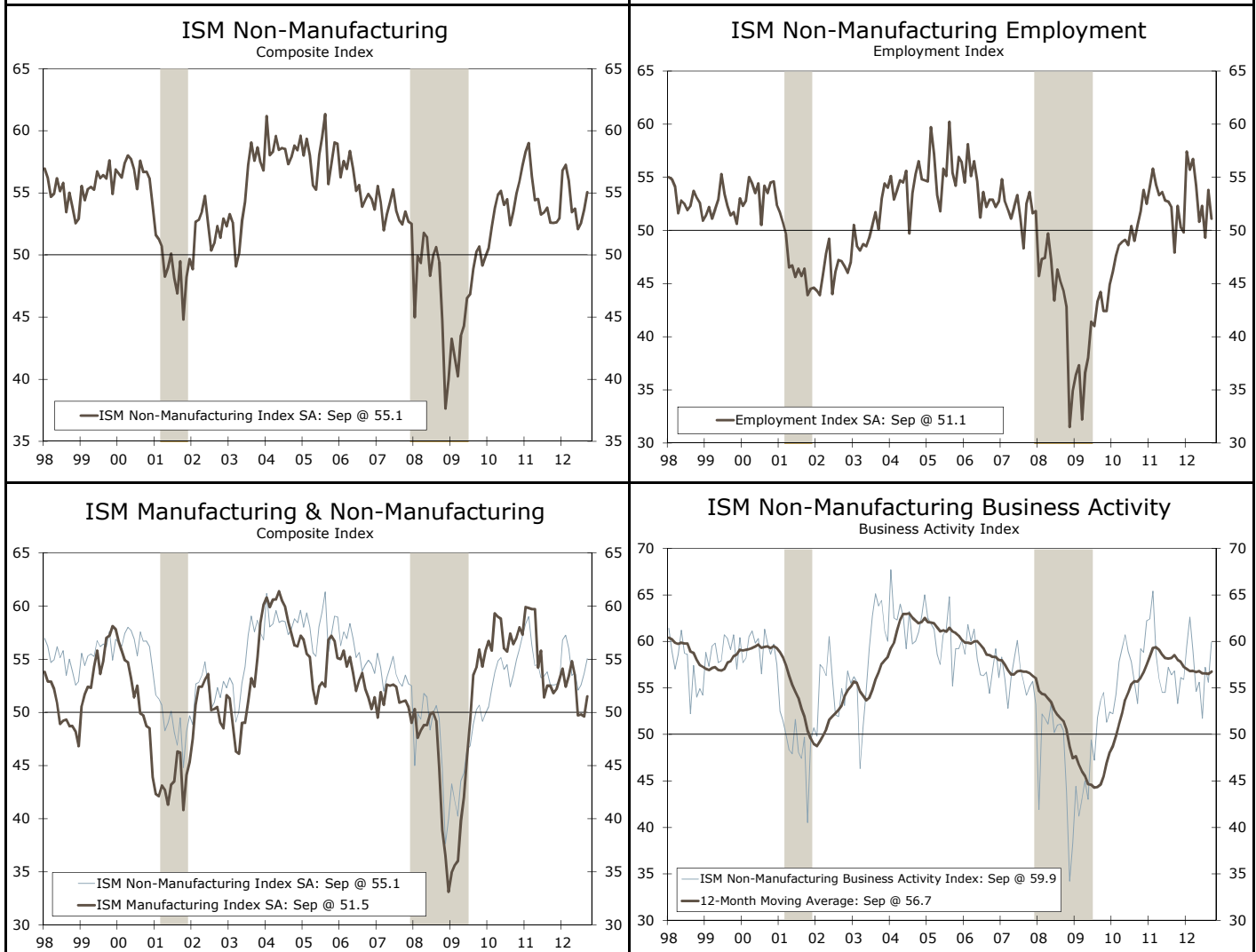
The expansion in the service sector is gaining momentum according to today's ISM Non-Manufacturing index which came in at 55.1. The employment component is signaling a slower pace of job growth.

Improving Signs in September

- Today's better-than-expected print for September is welcome news that the service sector is firming after having lost momentum in the summer months. The stronger reading for the non-manufacturing ISM follows news earlier this week that the factory sector ISM returned to expansion in September. This is a welcome turnout after months of various regional PMIs straddling the line between expansion and contraction.

Tepid Job Growth, but Faster Pace of Business Activity

- One negative that stands out is that the employment component slipped to 51.1. While still in expansion territory, it suggests an even slower pace of job growth and may dull expectations for Friday's employment number.
- Many other components suggested a faster pace of growth in September led by the production or business activity index which jumped 4.3 points to 59.9.



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

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