

Economics Group

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ISM Non-Manufacturing Slightly Higher in February

The ISM non-manufacturing index improved from 55.2 to 56.0 in February, a bit more than what markets had expected. The improvement was across the board, highlighted by new orders increasing 3.8 points to 58.2.

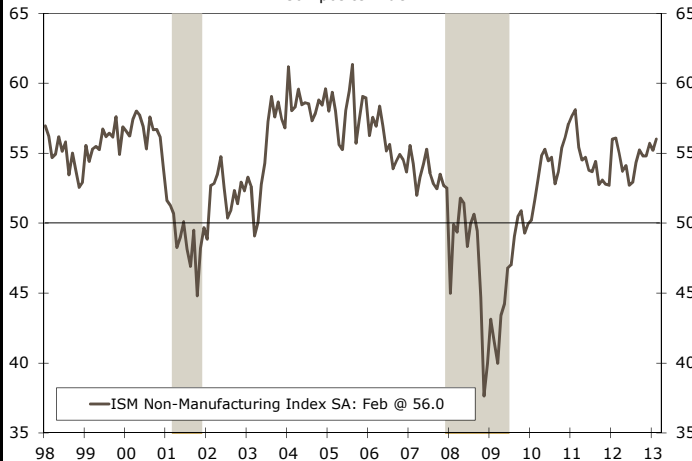
ISM Non-Manufacturing Index Remains Firm

- The service sector continued to expand at a relatively healthy pace according to the ISM non-manufacturing index. Business activity, new orders, inventories, backlog of orders and new export orders all posted strong readings in February.
- Employment, while slightly lower, remained relatively strong at 57.2 compared to 57.5 the month prior, and supports our call for a pickup in hiring in February.

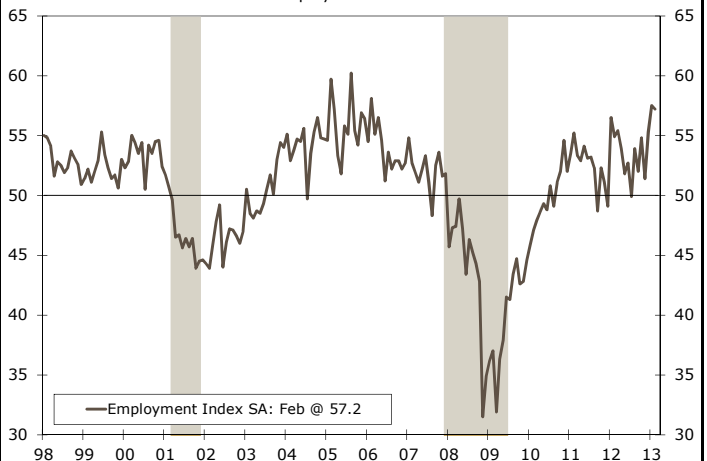
Political Noise Still Not Hurting the Service Sector

- It is clear that the service sector is still plowing along and that the political noise during the last several quarters has not been able to derail the expansion in this important sector of the economy.
- The backlog of orders and new export orders improved by 5.5 points and 5.0 points, respectively. Price pressures, however, are mounting with the prices paid index increasing 3.7 points to 61.7.

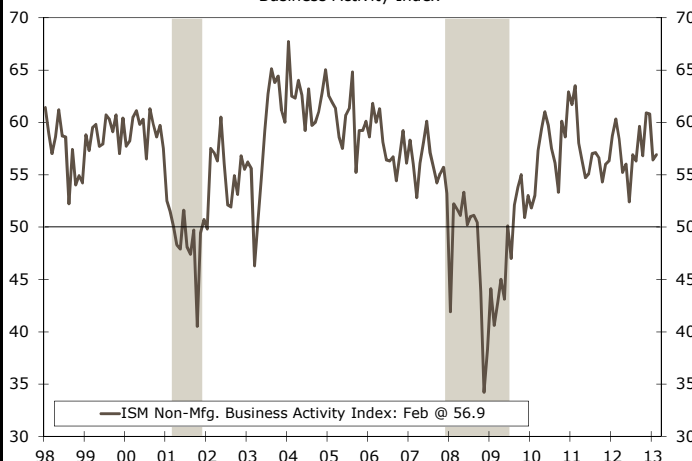
ISM Non-Manufacturing
Composite Index



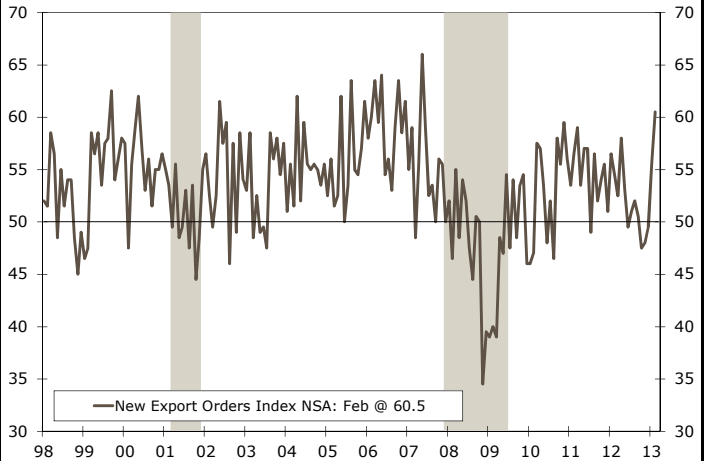
ISM Non-Manufacturing Employment
Employment Index



ISM Non-Manufacturing Index
Business Activity Index



ISM Non-Manufacturing Index
New Export Orders Index



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

Wells Fargo Securities, LLC Economics Group

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