

Economics Group

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ISM Non-Manufacturing: Continued Expansion

The ISM non-manufacturing index signaled continued expansion, with the June index at 52.2 and a very nice gain in the employment component. Prices paid rose but still indicate no inflation acceleration.

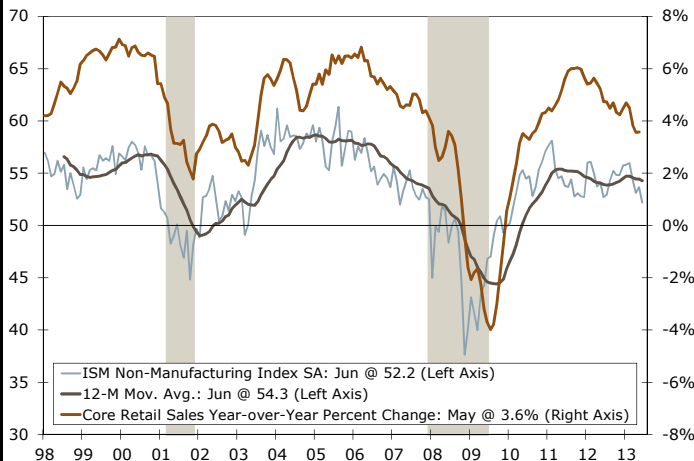
Service Sector Activity Continues to Expand

- The service sector continues to reflect modest improvement. New orders and business activity remain above breakeven, although both have moderated in June. One cautionary note is that new export orders fell below 50, and this might suggest some weakness in export growth going forward.
- Overall, the non-manufacturing index is consistent with our call for continued moderate economic growth.

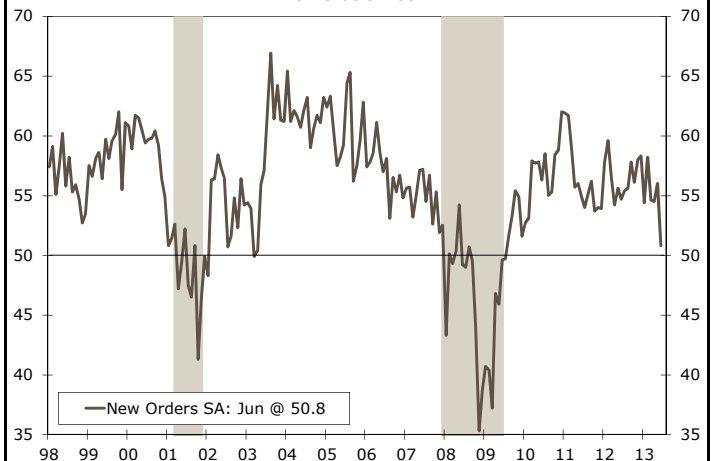
Employment Component Shows Improvement

- The employment component rose to 54.7 from 50.1, indicating an improving job story, which we expect to see this Friday.
- Prices paid rose to 52.5 from 51.1, but this level is still consistent with continued low inflation and will not be a concern for the financial markets. Commodities up in price include beef and fuels. By sector, prices paid rose for education, agriculture, health care and construction.

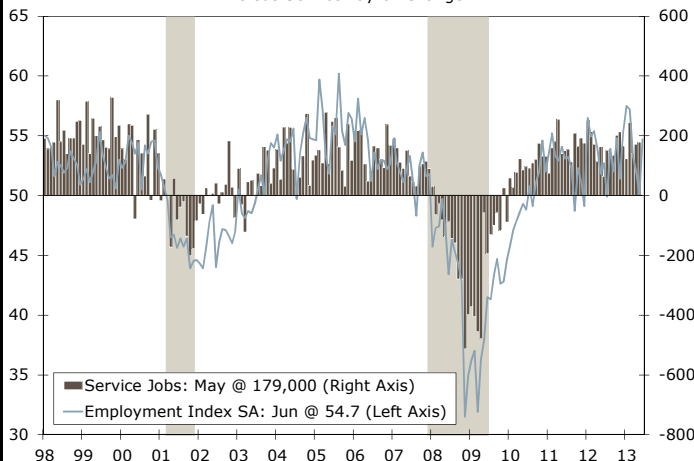
ISM Non-Manufacturing Index (NMI)
Index



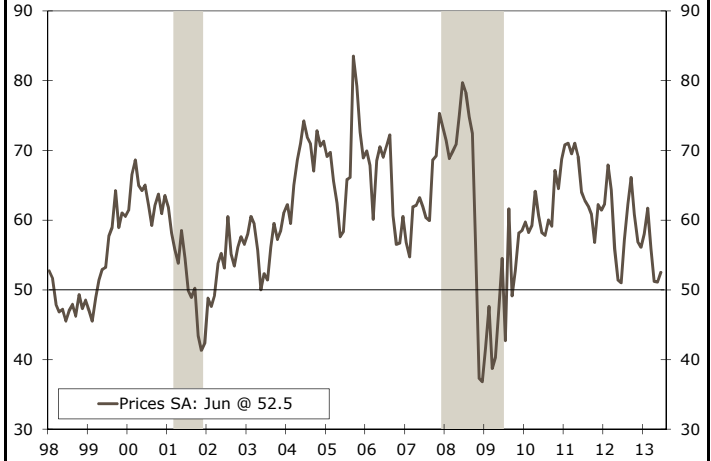
ISM Non-Manufacturing New Orders
New Orders Index



ISM Non-Manufacturing Employment
versus Service Payroll Change



ISM Non-Manufacturing Index
Price Index



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