

Economics Group

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ISM Non-Manufacturing Shows Growth Slowed at End of 2013

The ISM non-manufacturing index showed the economy lost some momentum at the end of 2013, with the index declining to 53 in December. A drop in new orders tempers the optimism surrounding the start of 2014.

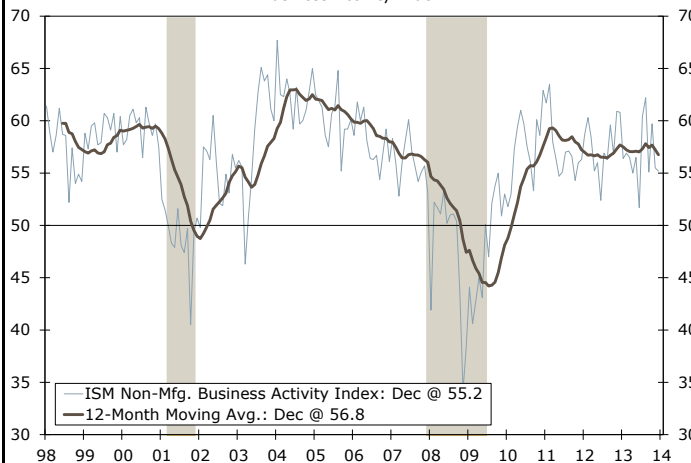
Non-Manufacturing Index Slips on Decline in Orders

- The ISM non-manufacturing index came in below expectations for December, falling 0.9 points versus expectations for a gain.
- The decline in the headline index primarily stemmed from a drop in new orders. New orders fell for the first time since mid-2009 and put a damper on the optimism that has ushered in 2014. Current activity looked more solid, with the business activity index at 55.2 and supplier deliveries ticking up.

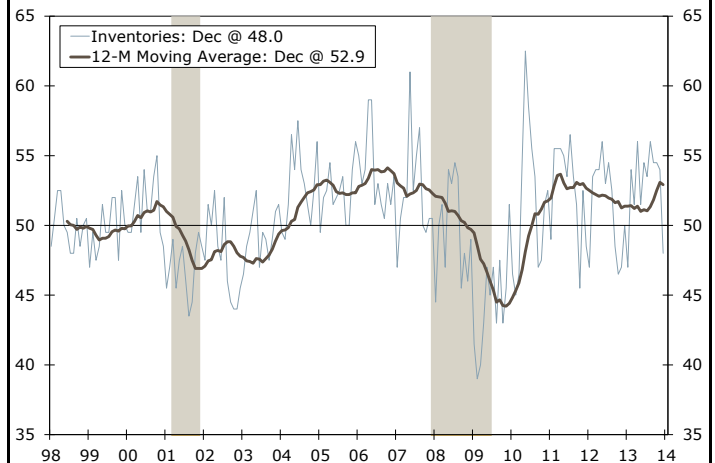
Inventories More in Line, Job Growth to Continue

- Non-manufacturing businesses scaled back inventories in December, but reductions brought inventories closer in line with desired levels, as indicated by the inventory sentiment index.
- The employment index was a bright spot in today's report, rising 3.3 points to 55.8. Along with the strong read from the ISM manufacturing employment index reported last week, we expect to see another solid nonfarm payrolls report this Friday.

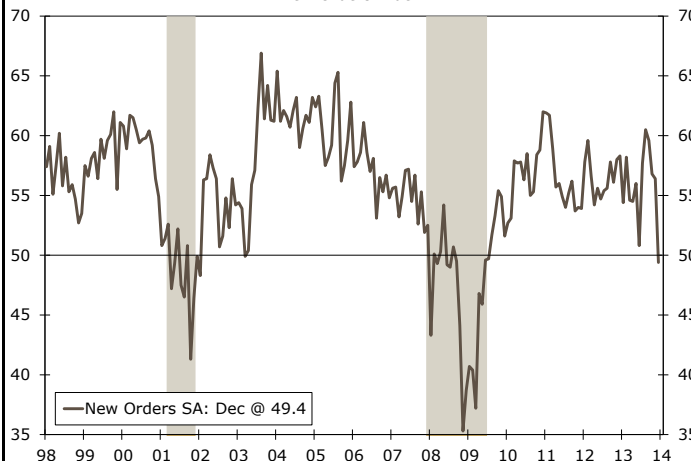
ISM Non-Manufacturing Business Activity
Business Activity Index



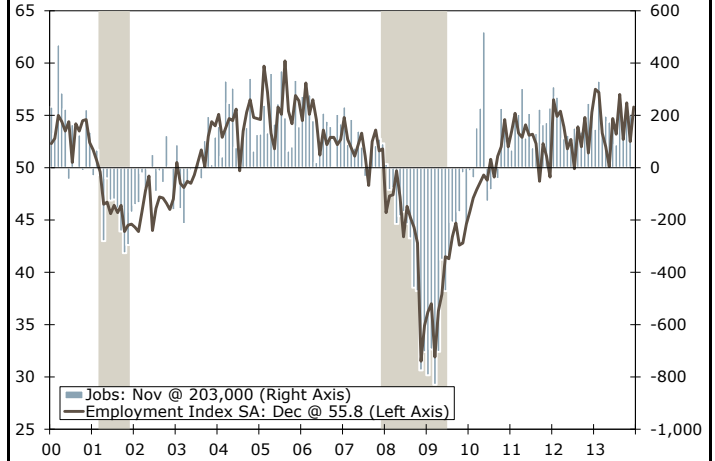
ISM Non-Manufacturing Inventories
Diffusion Index, NSA



ISM Non-Manufacturing New Orders
New Orders Index



ISM Non-Manufacturing Employment
versus NonFarm Payroll Change



Source: Institute for Supply Management, U.S. Department of Labor and Wells Fargo Securities, LLC

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