

## Economics Group

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### Service Sector Activity Keeps Trudging Along

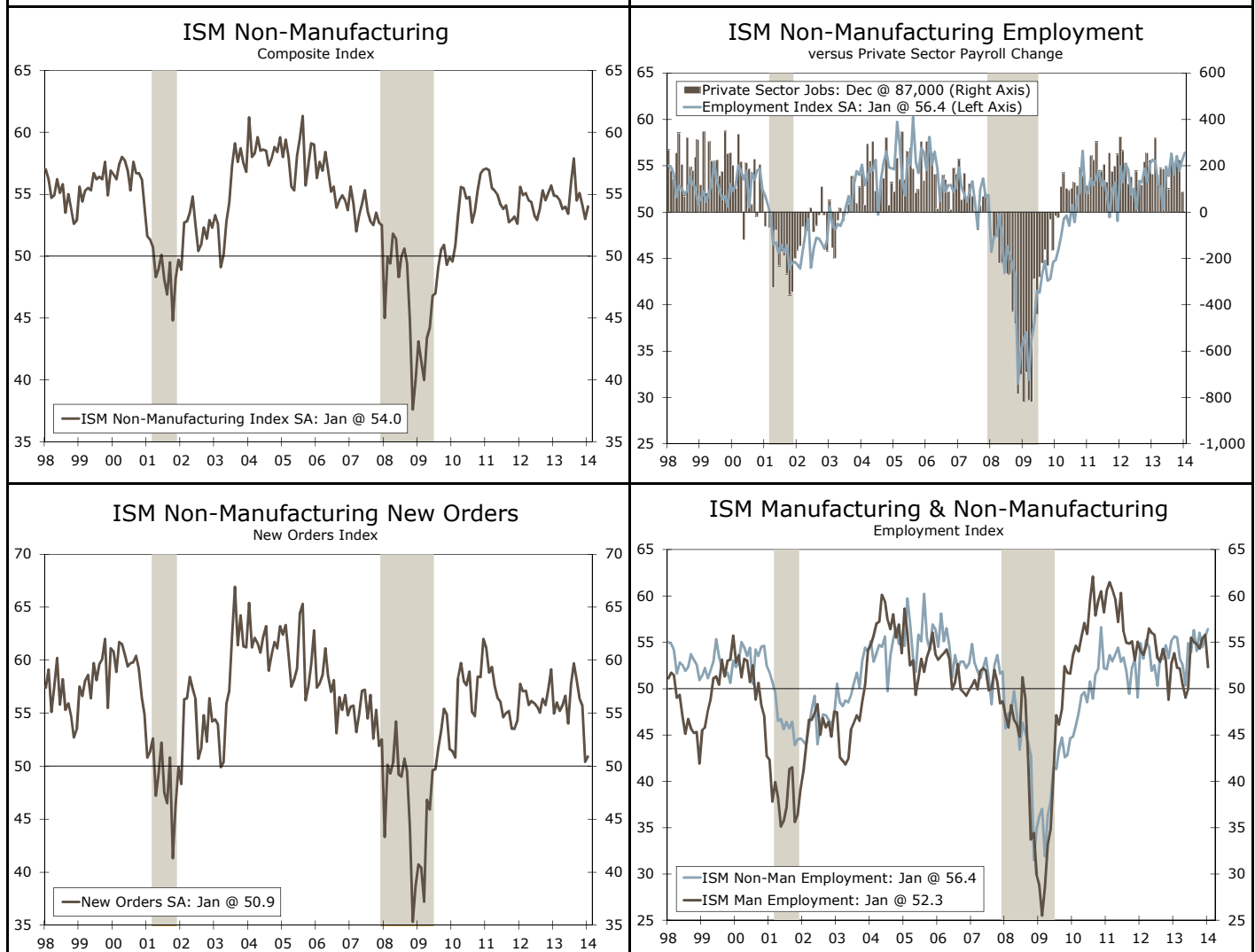
*The ISM non-manufacturing index rose in January to 54.0, which is in line with expectations. Business hiring continued to pick up on the month, but the pace of new orders remains sluggish.*

#### New Orders Component Teeters on the Brink

- The ISM non-manufacturing index increased to 54.0 in January, which keeps the level within the average range posted in recent years. Much of the gain was due to a boost in business activity and employment. The forward-looking new orders component, however, rose slightly to 50.9 in January from 50.4 in December. Price pressures rose in January to 57.1, which is the highest reading in six months.

#### Business Hiring Picks Up

- With 11 industries reporting growth (only eight reported growth in January 2013), the service sector continues to reflect improvement. Coming after the disappointing nonfarm payrolls report in December, the employment component increased to 56.4, which is the highest level since late 2010. This report, along with weekly jobless claims, ADP and ISM manufacturing, suggest continued improvement in the labor market.



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

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