



# Economics Group

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## Non-Manufacturing Momentum Accelerates in July

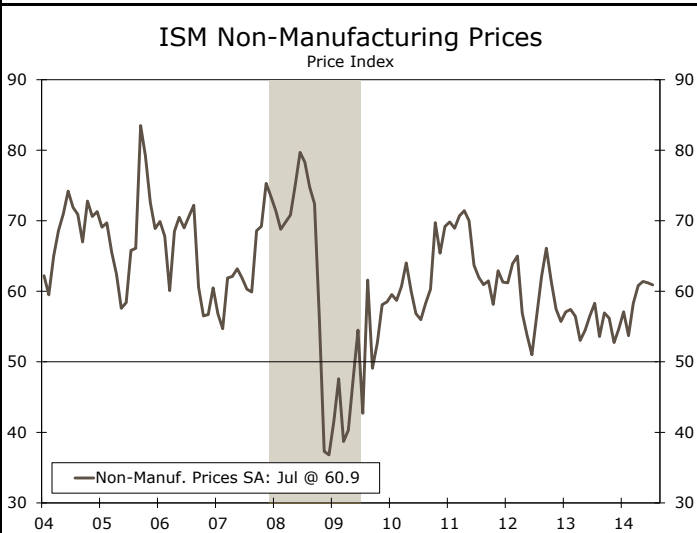
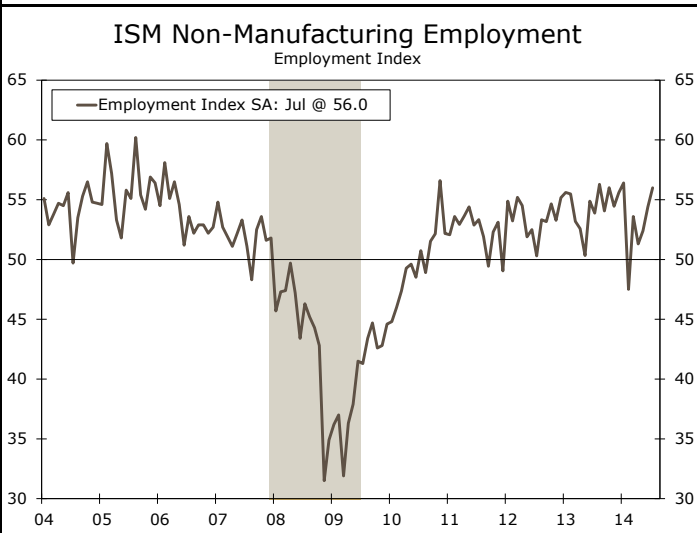
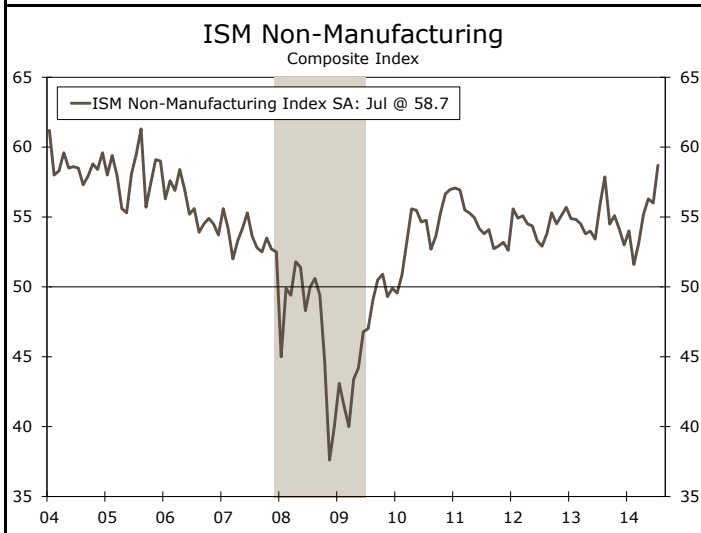
Marking the highest level since December 2005, the ISM non-manufacturing index increased to a stronger-than-expected 58.7 reading in July. Broad-based component performance points to favorable Q3 GDP growth.

### Broad-Based Improvement Is Encouraging

- Since bottoming in February, the ISM non-manufacturing index has registered substantial improvement, consistent with the magnitude of Q2 GDP growth. Equally as impressive, 16 out of 18 industries surveyed reported growth last month, highlighting a broadening of the U.S. economic recovery.
- The forward-looking new orders index jumped to a nearly nine-year high as outlook expectations continued to improve.

### Price Pressures Still Firm

- The employment index increased to a six-month high in July as 13 industries reported growth. Price pressures remain firm with the prices paid index still above 60 in July.
- In combination with the stronger-than-expected rise in the July ISM manufacturing index, momentum is solid at the start of Q3 and consistent with our outlook for a firm rate of GDP growth in the second half of the year.



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

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