



# Economics Group

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## ISM Non-Manufacturing Moderates in December

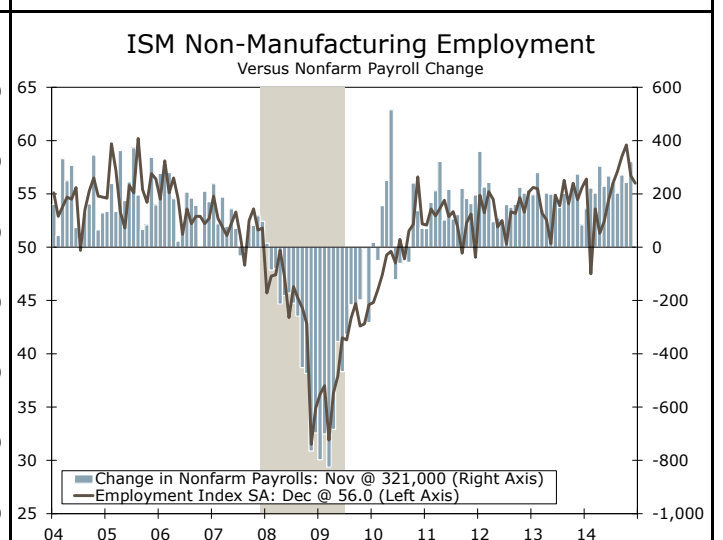
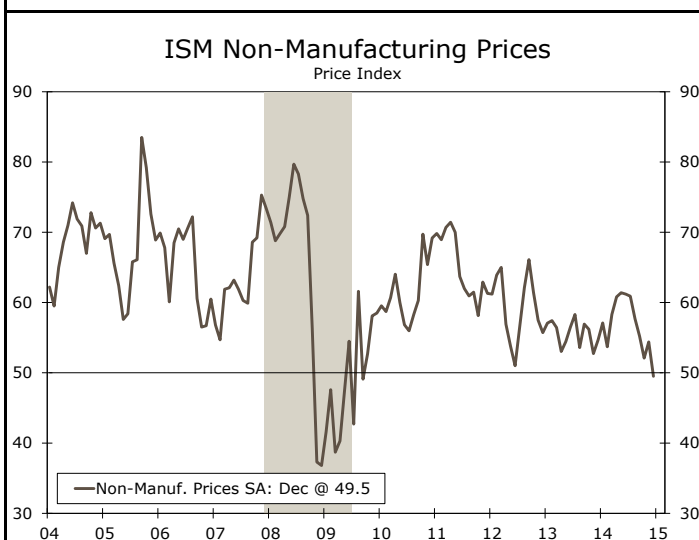
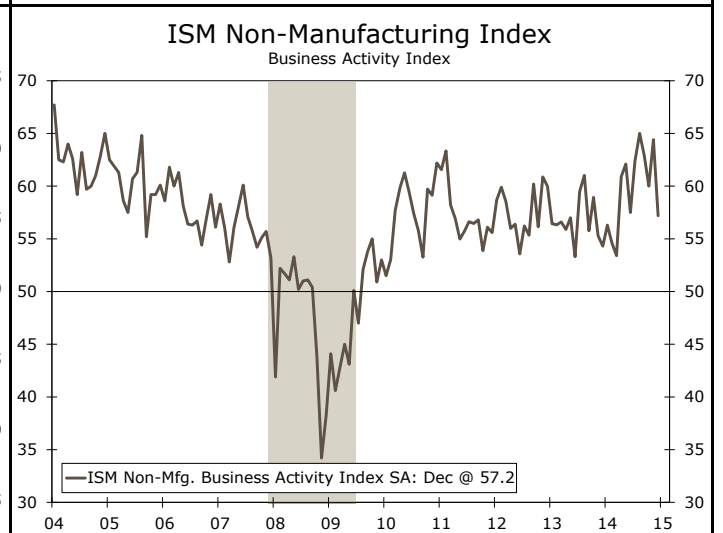
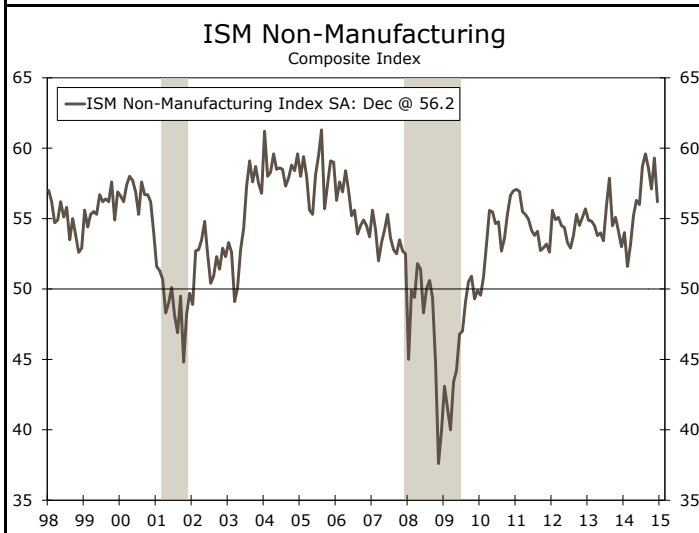
*Economic activity outside the manufacturing sector moderated a bit in December, with the ISM non-manufacturing index falling to 56.2. Input costs fell over the month, while hiring proceeded at a decent clip.*

### Still Growing, Just at a Slower Pace

- The economy looks to have grown at a slightly slower pace in the final month of 2014. The ISM non-manufacturing index fell to 56.2 last month, 2.1 points below its six-month average.
- The fall in oil prices is leading to lower input costs for many industries. Fuel, diesel and gasoline have all been reported lower for at least three straight months. The prices paid index fell nearly five points and is now in contraction territory.

### Signs of a Stronger Consumer and a Hit to Mining

- Current activity moderated to 57.2 after a sky-high reading in November. Of the industries reporting a pickup, retail led the pack, which could bode well for next week's report on retail sales. New orders also pulled back, but remained strong at 58.9.
- At 56.0, the employment index suggests another strong gain in Friday's payrolls report. The mining industry may be one area of exception, with ISM contacts reporting a reduction last month.



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

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