



Economics Group

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ISM Non-Manufacturing Moderates to a Still-Healthy Level

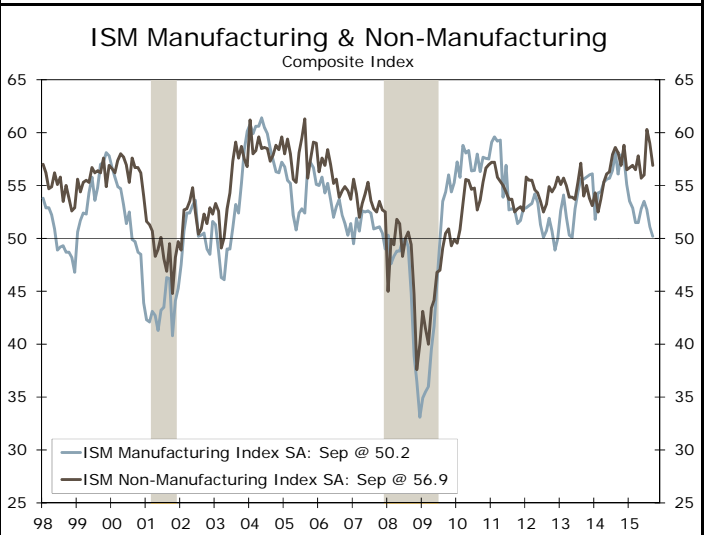
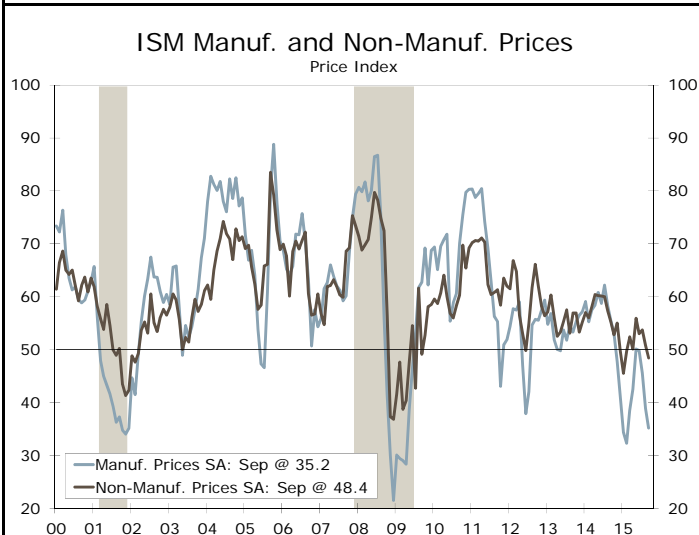
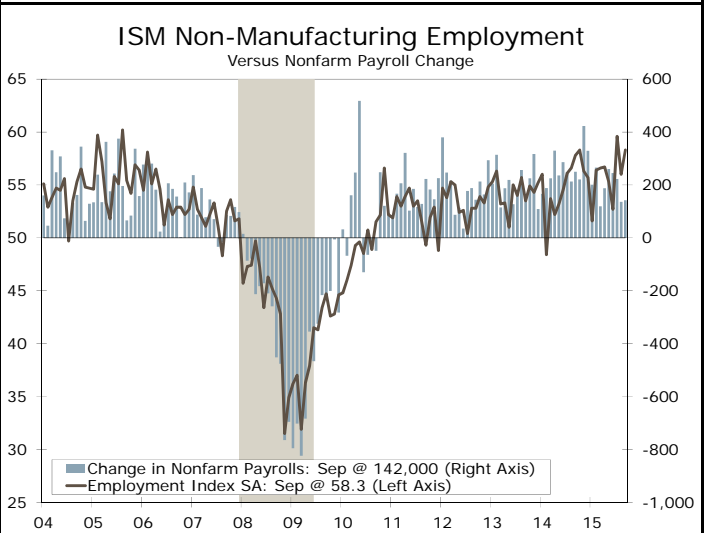
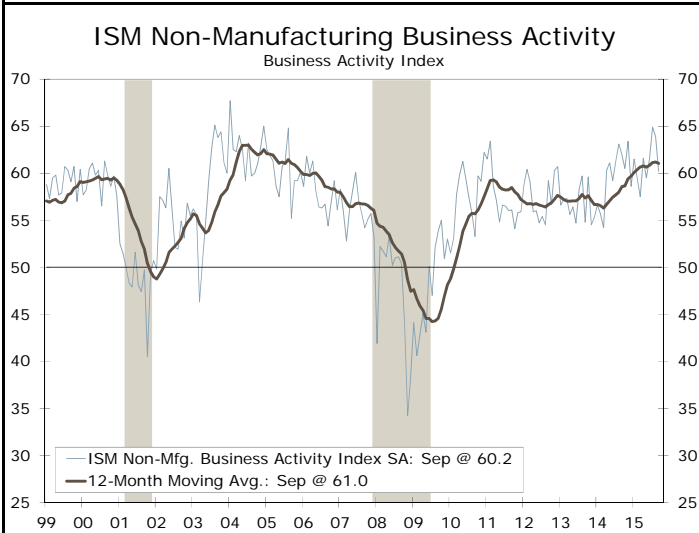
Activity outside the manufacturing sector expanded at a more moderate pace in September but, at 56.9, remains firmly in expansion territory. An increase in the employment index suggests hiring remains strong.

ISM Non-Manufacturing Index Falls Back to Earth

- The ISM non-manufacturing index fell 2.1 points to 56.9 in September and suggests activity outside the factory sector has moderated in recent weeks. The business activity and new orders indices both edged down over the month, but remain firmly in expansion territory.
- Prices paid fell and, while not as weak as the manufacturing sector, indicates easing input costs and continued soft inflation.

Employment Not As Weak as Payroll Figures Implied?

- The ISM survey offers some evidence that hiring conditions are not deteriorating to the extent illustrated in the payrolls report. The employment index rose to 58.3, the second-best reading of the expansion.
- Despite September's pullback, the ISM non-manufacturing index remains at a relatively high level and shows that the service side of the economy continues to propel the economy at a decent clip.



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

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