

# November ISM Non-Manufacturing Index

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- The ISM non-manufacturing index declined to 53.9 in November, coming in below a consensus expected increase to 55.5. (Levels above 50 signal expansion; levels below 50 signal contraction.)
- The key sub-indexes were mainly lower in November, but all now stand above 50. The business activity index declined to 55.5 from 59.7 and the employment index declined to 52.5 from 56.2. The new orders index slipped to 56.4 in November from 56.8. The supplier deliveries index was the sole gainer rising to 51.0 from 49.0.
- The prices paid index declined to 52.2 in November from 56.1 in October.

**Implications:** Unlike the manufacturing sector, which showed strong acceleration in November, the service sector continued to grow in November, but at a slightly slower pace. The ISM services report came in at a healthy 53.9 in November, slightly below consensus expectations but showing expansion for a 47<sup>th</sup> consecutive month. The business activity index – which has a stronger correlation with economic growth than the overall index – declined to 55.5. The employment index also declined in November, slowing to 52.5 but remaining above 50.0 for a 16<sup>th</sup> consecutive month. The new orders index pulled back slightly in November, but even with the decline it remains at a strong 56.4. On the inflation front, the prices paid index declined to 52.2 in November from 56.1 in October. Still no sign of inflation, but given loose monetary policy, we expect this measure to move upward over the coming year. The Federal Reserve has been far too easy for far too long. Today’s report, along with other data we have received this week, show the economy is doing just fine and will continue to plow ahead through the end of 2013.

ISM Nonmanufacturing: NMI Composite Index

SA, 50+=Increasing



ISM: Nonmfg: Prices Index

SA, 50+ = Econ Expand



Non-Manufacturing ISM Index	Nov-13	Oct-13	Sep-13	3-month moving avg	6-month moving avg	Year-ago level
<i>Seasonally Adjusted Unless Noted</i>						
<b>Composite Index</b>	53.9	55.4	54.4	54.6	55.2	54.8
<b>Business Activity</b>	55.5	59.7	55.1	56.8	57.4	60.9
<b>New Orders</b>	56.4	56.8	59.6	57.6	57.3	58.0
<b>Employment</b>	52.5	56.2	52.7	53.8	54.5	51.4
<b>Supplier Deliveries (NSA)</b>	51.0	49.0	50.0	50.0	51.4	49.0
<b>Prices</b>	52.2	56.1	57.2	55.2	56.0	56.9

Source: Institute for Supply Management