

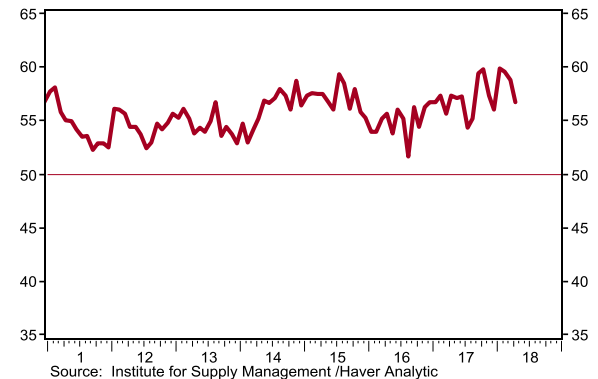
## April ISM Non-Manufacturing Index

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- The ISM non-manufacturing index declined to 56.8 in April, lagging the consensus expected 58.0. (Levels above 50 signal expansion; levels below 50 signal contraction.)
- The major measures of activity were mostly lower in April, but all remain comfortably above 50, signaling expansion. The supplier deliveries index fell to 54.5 from 58.5 in March, while the employment index declined to 53.6 from 56.6. The business activity index moved lower to 59.1 from 60.6 in March. The new orders index rose to 60.0 from 59.5. The prices paid index increased to 61.8 from 61.5 in March.

**Implications:** All eighteen service sector industries reported growth in April as the ISM non-manufacturing index showed continued expansion, though at a slightly slower pace than in March. And comments from survey respondents show a positive outlook for the months ahead, citing a tailwind from tax reform. The most forward-looking indices – new orders and business activity – both remained elevated in April, with the pace of new orders rising while growth in business activity slowed. Given these healthy readings near or above 60 over recent months, expect service sector activity to continue to hum along in the coming months. The supplier deliveries index declined in April, coming off a March reading that represented the highest reading since 2005. Deliveries continue to be delayed by a combination of lingering impacts from hurricane activity (notably, depressed production out of Puerto Rico), and a shortage of semi-truck drivers. On the inflation front, the prices paid index increased to 61.8 in April, with rising prices cited for transportation costs, metal products, and fuel. On the jobs front, the employment index declined to 53.6 from 56.6 in March. In other recent news on employment, the ADP index reported private payrolls rose 204,000 in April. Meanwhile, initial claims data out this morning showed new claims for jobless benefits rose 2,000 last week to 211,000, the second lowest reading - behind only last week - since 1969. Meanwhile continuing claims fell 77,000 to 1.76 million, the lowest reading since 1973. Plugging this data into our models suggests tomorrow's official Labor Department report will show a healthy nonfarm payroll gain of 191,000.

**ISM Nonmanufacturing: NMI Composite Index**  
 SA, 50+=Increasing



**ISM Nonmanufacturing: Prices Index**  
 SA, 50+ = Economy Expanding



Non-Manufacturing ISM Index <i>Seasonally Adjusted Unless Noted</i>	Apr-18	Mar-18	Feb-18	3-month moving avg	6-month moving avg	Year-ago level
<b>Composite Index</b>	<b>56.8</b>	58.8	59.5	58.4	58.1	57.3
<i>Business Activity</i>	<b>59.1</b>	60.6	62.8	60.8	60.2	61.9
<i>New Orders</i>	<b>60.0</b>	59.5	64.8	61.4	60.1	62.1
<i>Employment</i>	<b>53.6</b>	56.6	55.0	55.1	56.4	52.2
<i>Supplier Deliveries (NSA)</i>	<b>54.5</b>	58.5	55.5	56.2	55.6	53.0
<b>Prices</b>	<b>61.8</b>	61.5	61.0	61.4	61.0	58.0

Source: Institute for Supply Management