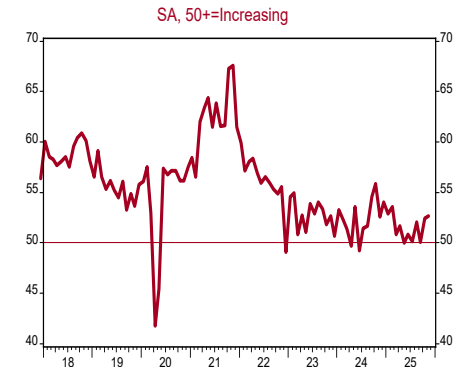


November ISM Non-Manufacturing Index

- The ISM Non-Manufacturing index increased to 52.6 in November, beating the consensus expected 52.0. (Levels above 50 signal expansion; levels below signal contraction.)
- The major measures of activity were mostly higher in November. The business activity index rose to 54.5 from 54.3, while the new orders index dropped to 52.9 from 56.2. The employment index rose to 48.9 from 48.2, while the supplier deliveries index increased to 54.1 from 50.8.
- The prices paid index declined to 65.4 in November from 70.0 in October.

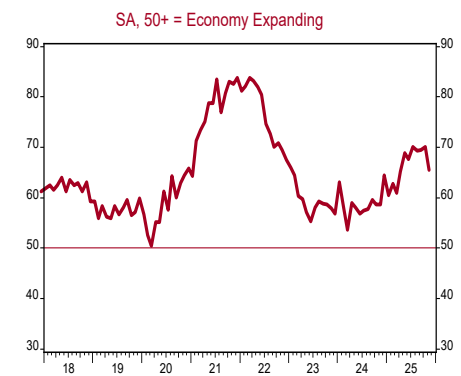
Implications: The resiliency of the sector responsible for the lion's share of US output was on display once again in November, as the ISM Services index beat consensus expectations and rose to a nine-month high of 52.6. Despite continued weakness in its counterpart survey on [manufacturing](#), the service sector has expanded in ten out of the last twelve months. The modest uptick in the headline index was largely driven by the supplier deliveries component, which surged to a thirteen-month high of 54.1 (a reading above 50 signals longer wait times), likely the result of air traffic disruptions stemming from the government shutdown according to the report. Partially offsetting this gain was a pullback in the new orders index which remains in expansion territory at 52.6. Survey comments indicate a fractured growth picture, as some voice concerns about the impacts of additional tariffs and another potential government shutdown in January, while others indicate business as usual. Notably, a survey comment from the Retail Trade industry wrote, "Business continues to be strong, driven by customer traffic. Pricing stable." Still, this bumpy path has kept service companies defensive in their hiring efforts. The employment index continued to signal contraction in the service sector in November (but at slower pace compared to last month), with the category rising from 48.2 to 48.9. That makes eight out of the last nine months where the employment index has been below 50. Service companies – once hamstrung with difficulty finding labor – have begun reducing their headcounts, with more industries (eight) reporting lower employment in November than higher (six). Finally, the highest reading of any category was once again the prices index, which fell to a seven-month low of 65.4. Though the index remains elevated, it is still far from the worst we saw during the COVID supply-chain disruptions, when the index reached the low 80s. While inflation pressures remain, the M2 measure of the money supply has grown very slowly over the past three years. Last week's data showed M2 rose 0.4% in October and 4.7% over twelve months – below the historical growth rate of ~6% – suggesting lower inflation and growth in the year ahead. In other news this morning, ADP reported private payrolls declined 32,000 in November, which should translate into a tepid official Labor Department report for job growth last month.

ISM Services: Services PMI Composite Index



Source: Institute for Supply Management/Haver Analytics

ISM Services: Prices Index



Source: Institute for Supply Management/Haver Analytics

| Non-Manufacturing ISM Index <i>Seasonally Adjusted Unless Noted</i> | Nov-25 | Oct-25 | Sep-25 | 3-month moving avg | 6-month moving avg | Year-ago level |
|--|-------------|--------|--------|-----------------------|-----------------------|-------------------|
| Composite Index | 52.6 | 52.4 | 50.0 | 51.7 | 51.3 | 52.5 |
| Business Activity | 54.5 | 54.3 | 49.9 | 52.9 | 53.4 | 55.5 |
| New Orders | 52.9 | 56.2 | 50.4 | 53.2 | 52.9 | 54.2 |
| Employment | 48.9 | 48.2 | 47.2 | 48.1 | 47.4 | 50.9 |
| Supplier Deliveries (NSA) | 54.1 | 50.8 | 52.6 | 52.5 | 51.5 | 49.5 |
| Prices | 65.4 | 70.0 | 69.4 | 68.3 | 68.6 | 58.5 |

Source: Institute for Supply Management