

# November ISM Non-Manufacturing Index

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- The ISM non-manufacturing index rose to 54.7 in November, coming in well above the consensus expected 53.5. (Levels above 50 signal expansion; levels below 50 signal contraction.)
- The direction of the key sub-indexes were mixed in November, but most remain above 50. The business activity index rose to 61.2 from 55.4 and the new orders index gained to 58.1 from 54.8. The employment index declined to 50.3 in November from 54.9 while the supplier deliveries index fell to 49.0 from 51.5.
- The prices paid index declined to 57.0 in November from 65.6 in October.

**Implications:** A very solid report on the service sector today as, despite super storm Sandy, the ISM services index showed expansion for the 35<sup>th</sup> consecutive month coming in at 54.7, the highest level since March. The underlying details of the report were mixed, but the sub-index for business activity – which has a stronger correlation with economic growth than the overall index – boomed to 61.2, the highest level since February. New orders also saw a large increase to 58.1, the best levels also since March. The downer in today’s report was the employment index which fell to 50.3. This is consistent with our forecast of 75,000 private sector jobs being added in the private sector, data we will get Friday morning. On the inflation front, the prices paid index declined to 57.0, but remains elevated. Given the loose stance of monetary policy, inflation should continue to move higher over the coming years. In other recent news, Americans bought cars and light trucks at a 15.5 million annual rate in November, blowing away the consensus expected 15.0 million pace. That’s up 8.7% from October and up 14.7% from a year ago. For more on the gain in auto sales, please see our recent blog post ([link](#)).

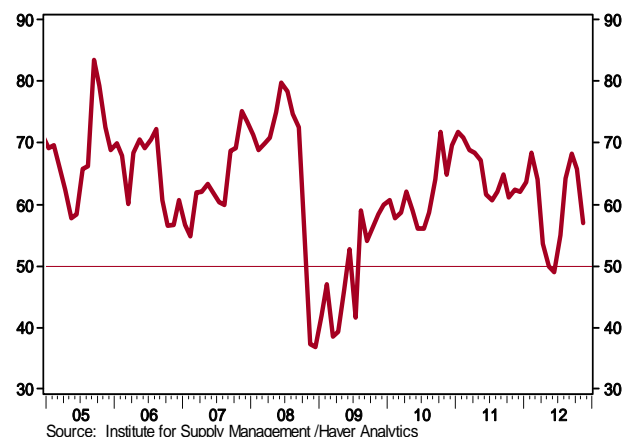
ISM Nonmanufacturing: NMI Composite Index

SA, 50+=Increasing



ISM: Nonmfg: Prices Index

SA, 50+ = Econ Expand



Non-Manufacturing ISM Index <i>Seasonally Adjusted Unless Noted</i>	Nov-12	Oct-12	Sep-12	3-month <i>moving avg</i>	6-month <i>moving avg</i>	Year-ago <i>level</i>
<b>Composite Index</b>	54.7	54.2	55.1	54.7	53.7	52.6
<b>Business Activity</b>	61.2	55.4	59.9	58.8	56.8	56.1
<b>New Orders</b>	58.1	54.8	57.7	56.9	55.3	54.1
<b>Employment</b>	50.3	54.9	51.1	52.1	52.0	50.3
<b>Supplier Deliveries (NSA)</b>	49.0	51.5	51.5	50.7	50.7	50.0
<b>Prices</b>	57.0	65.6	68.1	63.6	59.8	62.2

Source: Institute for Supply Management