

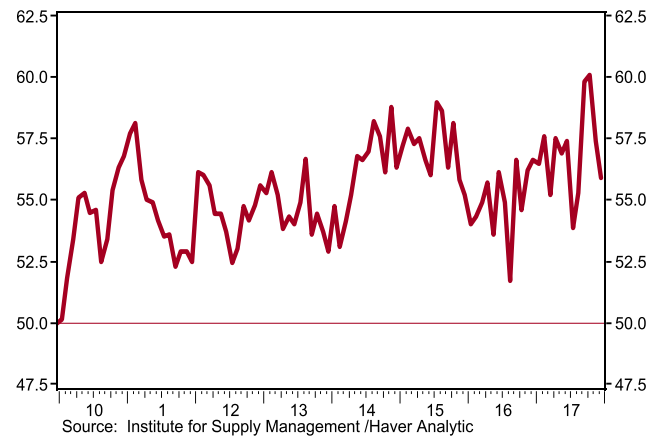
# November ISM Non-Manufacturing Index

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- The ISM non-manufacturing index declined to 55.9 in December, coming in below the consensus expected 57.6. (Levels above 50 signal expansion; levels below 50 signal contraction.)
- The major measures of activity were mixed in December, but all remain well above 50, signaling expansion. The new orders index fell to 54.3 from 58.7 in November, while the business activity index declined to 57.3 from 61.4. The supplier deliveries index rose to 55.5 from 54.0 in November, and the employment index moved higher to 56.3 from 55.3.
- The prices paid index rose to 60.8 from 60.7 in November.

**Implications:** The pace of growth in service sector activity slowed in December, following a robust lead-up to the holiday season. Even with the cooldown in December, service sector activity in 2017 averaged a very healthy reading of 57.0. To put that in perspective, it's the second highest annual average going back to 2005. Fourteen of eighteen industries reported growth in December (three reported contraction), while all major measures of activity stand comfortably in expansion territory. The most forward looking indices – new orders and business activity – both fell in December, but survey respondents note a positive outlook for 2018. With tax reform passing in late December, there is added incentive for business – both in the services and manufacturing sector - to increase investment and activity in the new year, which we expect will appear in the numbers within the next few months. Supplier deliveries remain elevated from the levels that we saw earlier in 2017, before the hurricane season. There may still be remnants of storm impacts, but this likely also reflects the pickup in orders and activity surrounding the strong holiday season. The prices paid index rose to 60.8 in December, with rising prices cited across fuel types. On the jobs front, the employment index rose to 56.3 from 55.3 in November. [Jobs data out this morning](#) shows a more complete picture of the jobs market, which – along with the ISM services and manufacturing indices – paints a picture of a growing economy. The stage is set for the pickup in activity that started in mid-2016 to continue in the months ahead, and policy developments out of Washington have the potential to make 2018 a breakout year.

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



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



<b>Non-Manufacturing ISM Index</b> <i>Seasonally Adjusted Unless Noted</i>	<b>Dec-17</b>	<b>Nov-17</b>	<b>Oct-17</b>	<b>3-month moving avg</b>	<b>6-month moving avg</b>	<b>Year-ago level</b>
<b>Composite Index</b>	<b>55.9</b>	57.4	60.1	57.8	57.1	56.6
<b>Business Activity</b>	<b>57.3</b>	61.4	62.2	60.3	59.3	60.9
<b>New Orders</b>	<b>54.3</b>	58.7	62.8	58.6	58.5	60.7
<b>Employment</b>	<b>56.3</b>	55.3	57.5	56.4	56.0	52.7
<b>Supplier Deliveries (NSA)</b>	<b>55.5</b>	54.0	58.0	55.8	54.5	52.0
<b>Prices</b>	<b>60.8</b>	60.7	62.7	61.4	60.7	56.1

Source: Institute for Supply Management