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November ISM Non-Manufacturing Index

- The ISM Non-Manufacturing index rose to 52.7 in November, beating the consensus expected 52.3 (Levels above 50 signal expansion; levels below signal contraction.)
- The major measures of activity were mostly higher in November. The business activity index increased to 55.1 from 54.1, while the new orders index was unchanged at 55.5. The employment index rose to 50.7 from 50.2, while the supplier deliveries index increased to 49.6 from 47.5.
- The prices paid index ticked down to 58.3 in November from 58.6 in October.

Implications: Still no sign of a recession in the service sector. Economic activity continued to expand in November with the headline index rising to 52.7, beating the consensus expectation. On the surface level, fifteen out of eighteen major industries reported growth in November. When you contrast this with the [November ISM report](#) on the manufacturing sector – where activity has contracted for thirteen consecutive months and only three industries reported growth in November – there has clearly been a divergence in activity, where output has been shifting back toward services following the COVID-era when goods-related activity was artificially boosted. Looking at the details, comments from survey respondents were chiefly positive, sighting solid activity consistent with previous months. That can be most easily seen in the new orders index, which remained unchanged at a solid 55.5 in November. Combine that with its forward-looking counterpart – business activity – which increased to 55.1 in November, both categories sit in healthy expansion territory and have remained above 50 every month of the year so far. Meanwhile, the labor market in the service sector remains very competitive, with the index for employment remaining above 50 for the sixth consecutive month, signaling growth. Comments on employment continue to indicate that a lack of supply, not demand, has been the problem for hiring in the service sector. Finally, the highest reading out of any of the categories continues to come from the prices index, which ticked down to a still elevated 58.3 in November. Although this is well below the back-breaking pace from 2021-22 – make no mistake – prices are still rising, and inflation remains a problem in the service sector. As for the economy, even though services are still expanding, we continue to believe a recession is on the way. Expect the service sector to weaken next year, as the impact of the recent reductions in the M2 measure of the money supply make their way through the economy. In other recent news, cars and light trucks were sold at a 15.3 million annual rate in November, down 0.7% from October but up 7.4% from a year ago.

ISM Services: Services PMI Composite Index
 SA, 50+=Increasing



Source: Institute for Supply Management/Haver Analytics

ISM Services: Prices Index
 SA, 50+ = Economy Expanding



Source: Institute for Supply Management/Haver Analytics

Non-Manufacturing ISM Index <i>Seasonally Adjusted Unless Noted</i>	Nov-23	Oct-23	Sep-23	3-month moving avg	6-month moving avg	Year-ago level
Composite Index	52.7	51.8	53.6	52.7	53.2	55.5
Business Activity	55.1	54.1	58.8	56.0	56.9	61.6
New Orders	55.5	55.5	51.8	54.3	55.1	55.8
Employment	50.7	50.2	53.4	51.4	52.1	50.6
Supplier Deliveries (NSA)	49.6	47.5	50.4	49.2	48.6	53.8
Prices	58.3	58.6	58.9	58.6	57.6	70.1

Source: Institute for Supply Management