

U.S. Data Review

- ISM nonmanufacturing: off again in July; trending lower since last fall

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ISM Nonmanufacturing Index

The ISM nonmanufacturing index fell 1.4 percentage points in July to 53.7 percent, notably different than the expected increase to 55.5 percent. The drop in July represented the seventh decline in the past 10 months, which left the measure 7.1 percentage points below the recent peak in September of last year. The latest observation was 5.2 percentage points below the average from last year. The above-50-percent reading still suggested expansion, but the pace is slowing.

The business activity component accounted for most of the drop in the headline index, as this measure fell 5.1 percentage points to 53.1 percent. The latest decline was among the largest seen during the current expansion, and the shift pushed the index below the range that had been in place in the past three years or so (chart). The slow pace of business activity was probably influenced by slow order flows, as the new orders index dropped 1.7 percentage points to 54.1 percent. This measure was at the bottom of the range from the past several years. Although new orders and business activity were soft, firms continued to hire, as the employment index rose 1.2 percentage points to 56.2 percent. The latest reading on the employment index was slightly higher than the average of 56.0 percent in the first half of the year, although it trailed the average of 56.9 percent from last year.

All told, a mildly disappointing report.

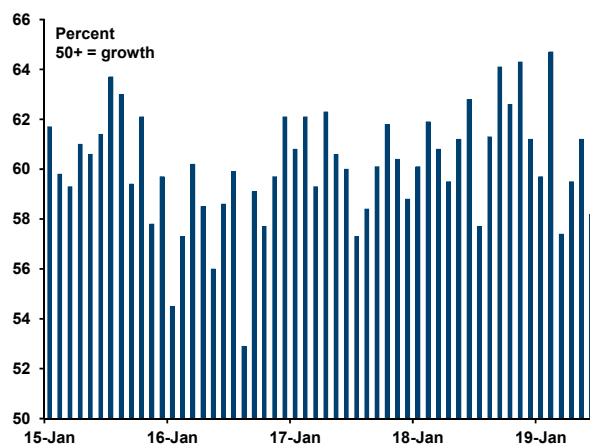
ISM Nonmanufacturing -- Monthly Indexes

	Mar-19	Apr-19	May-19	Jun-19	Jul-19
ISM Nonmfg. Composite	56.1	55.5	56.9	55.1	53.7
Business activity	57.4	59.5	61.2	58.2	53.1
New orders	59.0	58.1	58.6	55.8	54.1
Employment	55.9	53.7	58.1	55.0	56.2
Supplier deliveries*	52.0	50.5	49.5	51.5	51.5
Prices	58.7	55.7	55.4	58.9	56.5

* The supplier deliveries index is not seasonally adjusted. The index differs from the other components of the composite measure (business activity, new orders, employment) in interpretation. An index above 50 percent indicates slower deliveries and readings below 50 percent indicate faster deliveries.

Source: Institute for Supply Management via Haver Analytics

ISM Nonmanufacturing: Business Activity Index



Source: Institute for Supply Management via Haver Analytics

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