

# U.S. Data Review

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## ISM Nonmanufacturing Index

The ISM nonmanufacturing index surged 11.7 percentage points in June and moved well above the 50-percent threshold (57.1 percent; chart, right). The results were much stronger than the expected increase of 4.6 percentage points to 50.0 percent. The sizeable advance occurred despite a drop of 9.5 percentage points in the supplier delivery index, which moved close to its normal range after elevated readings in the prior few months triggered by virus-related disruptions to supply chains.

Strong showings in both the new orders and business activity components drove the advance in the headline index (up 19.7 and 25.0 percentage points, respectively). Both measures exceeded 60 percent (table). The employment index showed a solid increase (11.3 percentage points), although it remained shy of 50 percent. An average of these three components provides the best view of underlying conditions in nonmanufacturing sectors, as it eliminates the distortion associated with the anomolus movement in the supplier delivery index. This measure moved from a record low in April to a historically strong position in June (56.9 percent).

The nonmanufacturing index posted impressive results in June, but keep in mind that the measure gives insight primarily into direction of change rather than magnitude of change. The surge in June indicates that activity was growing, but it was growing from a low base and the rate of advance was not clear.

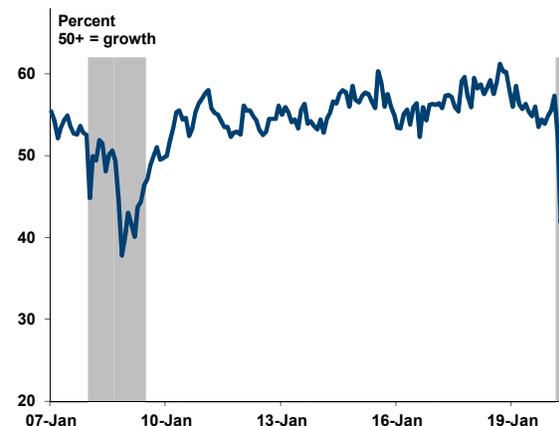
### ISM Nonmanufacturing -- Monthly Indexes

	Feb-20	Mar-20	Apr-20	May-20	Jun-20
<b>ISM Nonmfg. Composite</b>	57.3	52.5	41.8	45.4	57.1
<b>Business activity</b>	57.8	48.0	26.0	41.0	66.0
<b>New orders</b>	63.1	52.9	32.9	41.9	61.6
<b>Employment</b>	55.6	47.0	30.0	31.8	43.1
<b>Supplier deliveries*</b>	52.4	62.1	78.3	67.0	57.5
<b>Prices</b>	50.8	50.0	55.1	55.6	62.4

\* 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 Index\*



\* The shaded areas indicate periods of recession in the United States.

Source: Institute for Supply Management and The National Bureau of Economic Research via Haver Analytics

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