



Economics Group

Anika R. Khan, Senior Economist
anika.khan@wellsfargo.com • (704) 410-3271

ISM Non-Manufacturing Rises to Highest Level in 2016

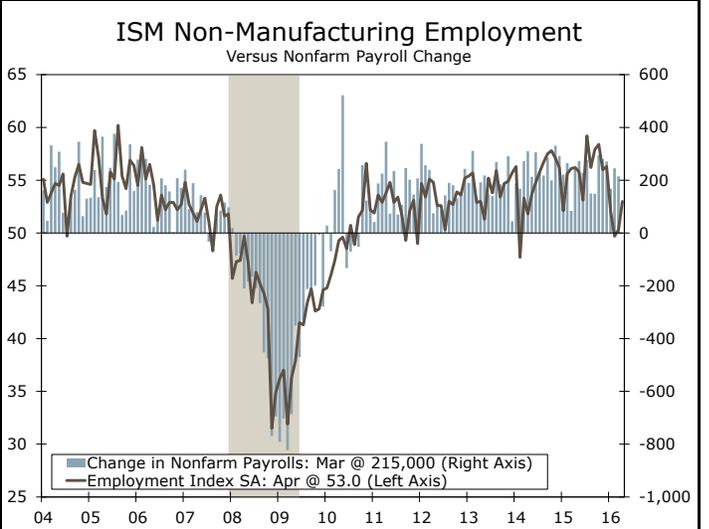
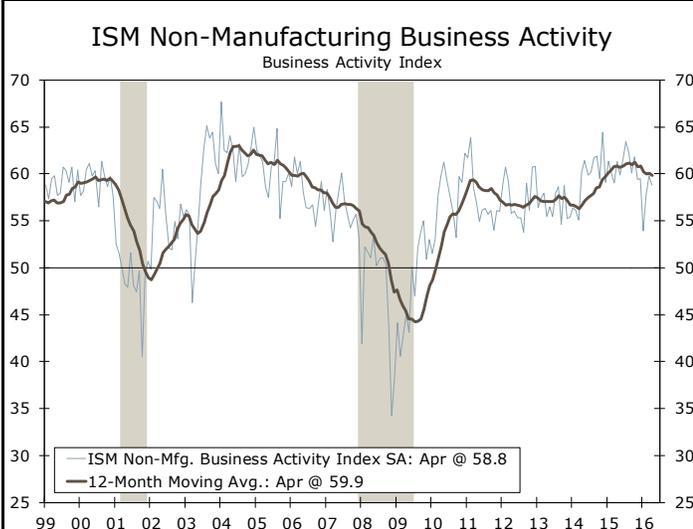
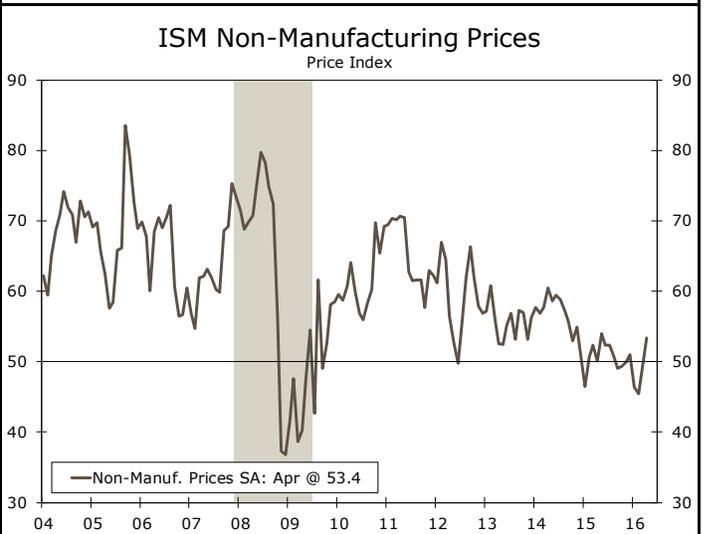
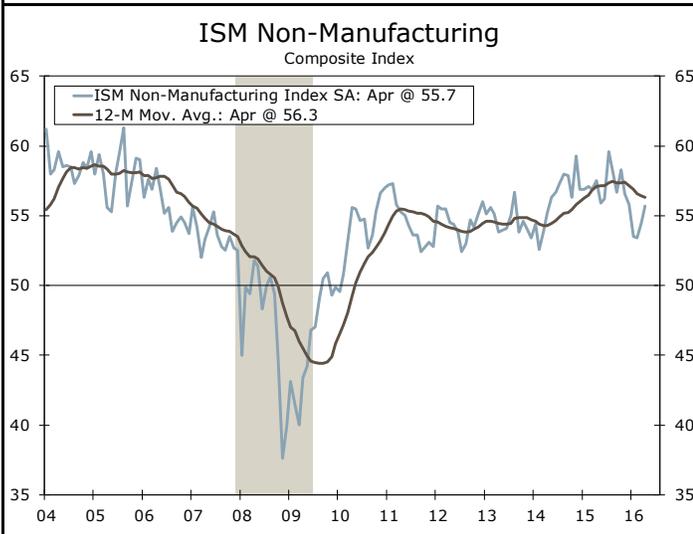
Besting consensus estimates, the ISM non-manufacturing index rose 1.2 points to 55.7. The closely-watched employment component rose to 53 during the month, suggesting upside risks to the nonfarm payroll estimate.

Service Sector Activity Strengthens Further

- The ISM non-manufacturing index advanced in April by more than consensus to 55.7, signaling solid expansion in the service sector. Although the business activity index slowed, the level remains elevated at 58.8. The new orders component jumped to a six-month high, suggesting continued improvement ahead. Comments were upbeat with respondents noting “optimism about the business climate and the direction of the economy.”

Employment Component Advances

- Consistent with the rebound in commodity prices, the prices paid component rose to 53.4 following three down months.
- Despite the lackluster ADP April reading, the employment component increased 2.7 points to 53 in April. The positive employment reading, which is now in line with the trend in nonfarm payrolls and initial jobless claims, suggests there are upside risks to our April nonfarm payroll estimate.



Source: Institute for Supply Management, U.S. Department of Labor and Wells Fargo Securities, LLC

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Diane Schumaker-Krieg	Global Head of Research, Economics & Strategy	(704) 410-1801 (212) 214-5070	diane.schumaker@wellsfargo.com
John E. Silvia, Ph.D.	Chief Economist	(704) 410-3275	john.silvia@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Jay H. Bryson, Ph.D.	Global Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Currency Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Anika R. Khan	Senior Economist	(704) 410-3271	anika.khan@wellsfargo.com
Eugenio J. Alemán, Ph.D.	Senior Economist	(704) 410-3273	eugenio.j.aleman@wellsfargo.com
Azhar Iqbal	Econometrician	(704) 410-3270	azhar.iqbal@wellsfargo.com
Tim Quinlan	Senior Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Eric Viloría, CFA	Currency Strategist	(212) 214-5637	eric.viloria@wellsfargo.com
Sarah House	Economist	(704) 410-3282	sarah.house@wellsfargo.com
Michael A. Brown	Economist	(704) 410-3278	michael.a.brown@wellsfargo.com
Jamie Feik	Economist	(704) 410-3291	jamie.feik@wellsfargo.com
Erik Nelson	Economic Analyst	(704) 410-3267	erik.f.nelson@wellsfargo.com
Alex Moehring	Economic Analyst	(704) 410-3247	alex.v.moehring@wellsfargo.com
Misa Batcheller	Economic Analyst	(704) 410-3060	misa.n.batcheller@wellsfargo.com
Michael Pugliese	Economic Analyst	(704) 410-3156	michael.d.pugliese@wellsfargo.com
Julianne Causey	Economic Analyst	(704) 410-3281	julianne.causey@wellsfargo.com
Donna LaFleur	Executive Assistant	(704) 410-3279	donna.lafleur@wellsfargo.com
Dawne Howes	Administrative Assistant	(704) 410-3272	dawne.howes@wellsfargo.com

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