



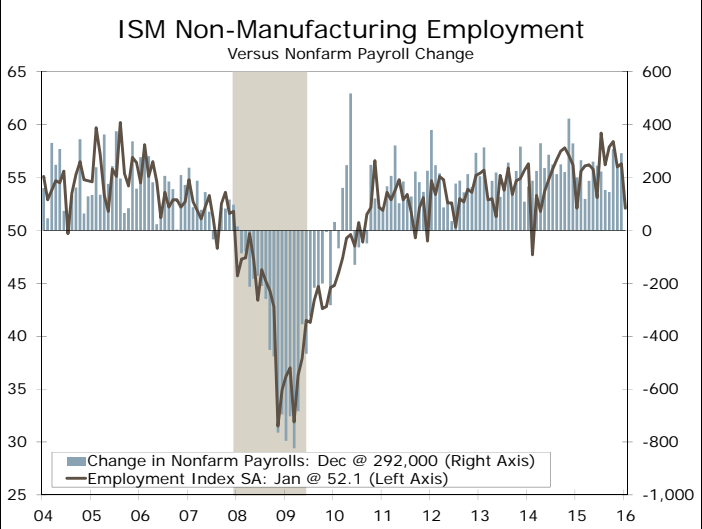
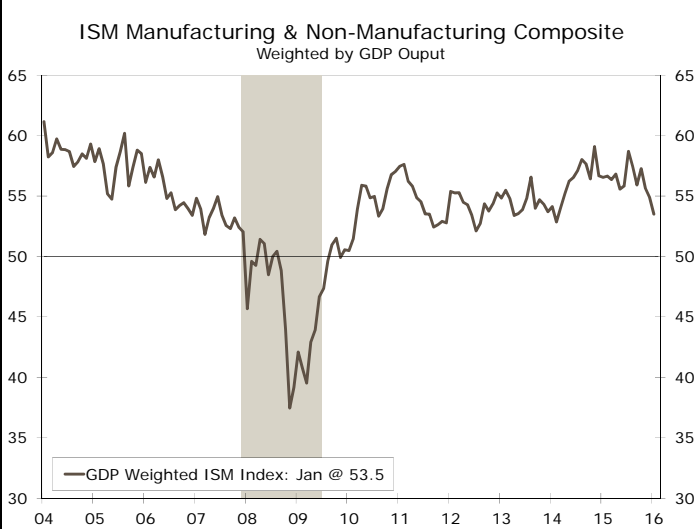
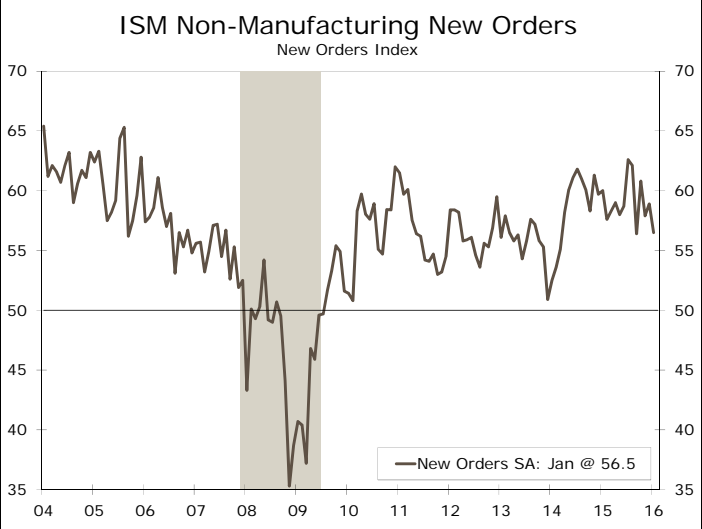
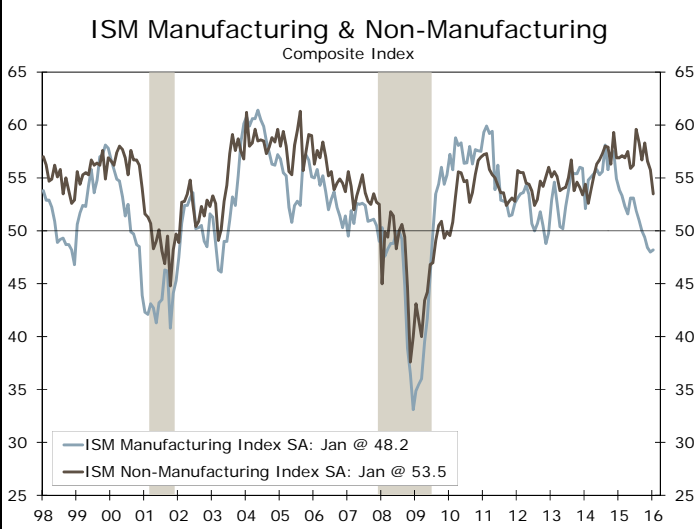
# Economics Group

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## ISM Non-Manufacturing Points to Slower Growth and Hiring

*The ISM non-manufacturing index came in weaker than expected in January. While the drop indicates a broadening slowdown in the economy, growth remains stronger than readings on industrial activity imply.*

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| <p><b>Slower Growth, but Growth Nonetheless</b></p> <ul style="list-style-type: none"> <li>• The ISM non-manufacturing index fell to 53.5 in January, indicating the weakest pace of growth since early 2014.</li> <li>• Annual revisions to the ISM indices show that the divergence between manufacturing and non-manufacturing activity was even wider in the final months of 2015. Although the gap has narrowed, the non-manufacturing index continues to show that growth has not slowed to the extent implied by factory activity.</li> </ul> | <p><b>Hiring Looks to Have Weakened in January</b></p> <ul style="list-style-type: none"> <li>• Among the composite index's subcomponents, business activity and new orders slowed (down 5.6 and 2.4 points, respectively) while supplier deliveries moved back into positive territory.</li> <li>• The employment index fell to 52.1 in January and suggests hiring slowed significantly from the blistering pace in December. Along with the drop in the manufacturing hiring component, we have revised down our forecast for January payroll growth to 178,000.</li> </ul> |
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Source: U.S. Department of Labor, Institute for Supply Management and Wells Fargo Securities, LLC

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