

U.S. Data Review

- ISM Services: modest decline in November; still respectable

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ISM Services Index

The ISM services index fell 0.7 percentage point in November to 55.9 percent, nearly identical to the expected reading of 55.8 percent. This measure has now declined in three of the past four months, but the changes have not been especially large and the level of the index is consistent with a solid pace of activity (a touch above the average of 55.5 percent from last year, although lagging the average of 59.0 in 2018; chart).

The business activity component led the decline in the headline index, falling 3.2 percentage points to 58.0 percent. The new level is noticeably shy of the very best readings in this index (e.g. 67.2 percent in July), but it still represents a firm showing by historical standards. The easing in business activity was probably driven by slower order flows, as the new orders component slipped 1.6 percentage points to 57.2 percent. This measure, like the headline index and the business activity component, has declined in three of the past four months, but the level of the index is still consistent with a favorable performance.

The employment index increased in November. However, the increase of 1.4 percentage points occurred from a low level, and the new reading of 51.5 percent was not especially impressive relative to historical standards. The supplier delivery component also increased (up 0.8 percentage point to 57.0 percent). The increase might be the result of disruptions to supply chains, but a firm pace of activity is probably playing a role as well. An elevated reading on the price index (66.1 percent) is suggestive of demand-related pressures on supplies.

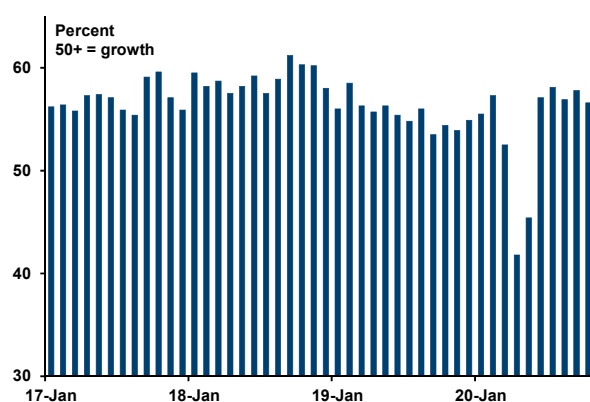
ISM Services -- Monthly Indexes

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
ISM Nonmfg. Composite	58.1	56.9	57.8	56.6	55.9
Business activity	67.2	62.4	63.0	61.2	58.0
New orders	67.7	56.8	61.5	58.8	57.2
Employment	42.1	47.9	51.8	50.1	51.5
Supplier deliveries*	55.2	60.5	54.9	56.2	57.0
Prices	57.6	64.2	59.0	63.9	66.1

* 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 Services: Headline Index



Source: Institute for Supply Management via Haver Analytics

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