

U.S. Data Review

- ISM services: modest increase in August; key components above 50.0
- Unemployment claims: both initial and continuing claims nudge lower in late summer

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ISM Services Index

- The Institute for Supply Management’s services index rose marginally in August (+0.1 percentage point to 51.5) – a reading signaling modest growth in the service sector and consistent with an ongoing expansion in the U.S. economy (ISM indicates that readings for the services measure above 49.0, over time, are consistent with economic growth). The latest reading trailed the 52.8 average last year and firm 56.1 average in 2022, but it still suggested that the economy remains resilient to restrictive monetary policy.
- Three of four sub-indexes that contribute to the composite registered above-50 readings in August. The employment measure was the softest of the three, easing by 0.9 percentage point to 50.2 (and recording an above-50 print for only the third time in 2024 thus far; chart, below left). The business activity and new orders components performed a bit better. Although the business activity component slipped 1.2 percentage points, the reading of 53.3 indicated a solid performance. The new orders component also could be viewed favorably, with the measure rising 0.6 percentage point to 53.0 (chart, below right).
- The supplier deliveries component rose by two percentage points to 49.6, an observation below the critical threshold. However, the results should not be viewed as problematic; readings below 50.0 imply faster delivery times, while readings above 50.0 percent suggest slower deliveries. In other words, supply chains, in the aggregate, are functioning well.

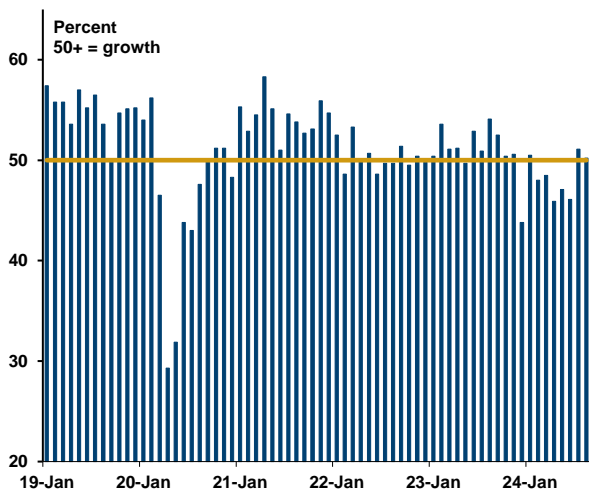
ISM Services: Monthly Indexes*

	Apr-24	May-24	Jun-24	Jul-24	Aug-24
ISM Nonmfg. Composite	49.4	53.8	48.8	51.4	51.5
Business activity	50.9	61.2	49.6	54.5	53.3
New orders	52.2	54.1	47.3	52.4	53.0
Employment	45.9	47.1	46.1	51.1	50.2
Supplier deliveries*	48.5	52.7	52.2	47.6	49.6
Prices	59.2	58.1	56.3	57.0	57.3

* 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.

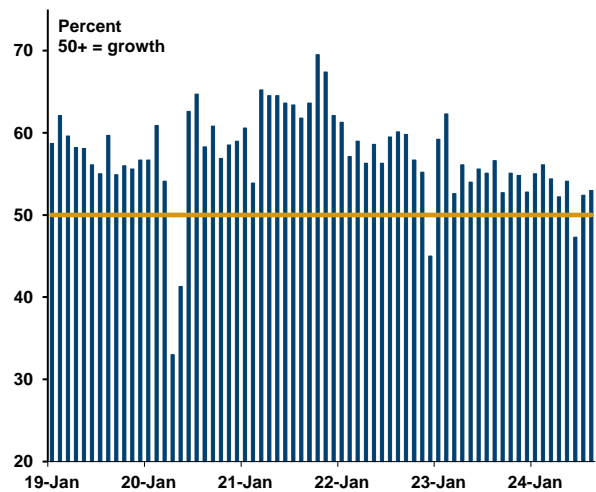
Source: Institute for Supply Management via Haver Analytics

ISM Services: Employment Index



Source: Institute for Supply Management via Haver Analytics

ISM Services: New Orders Index

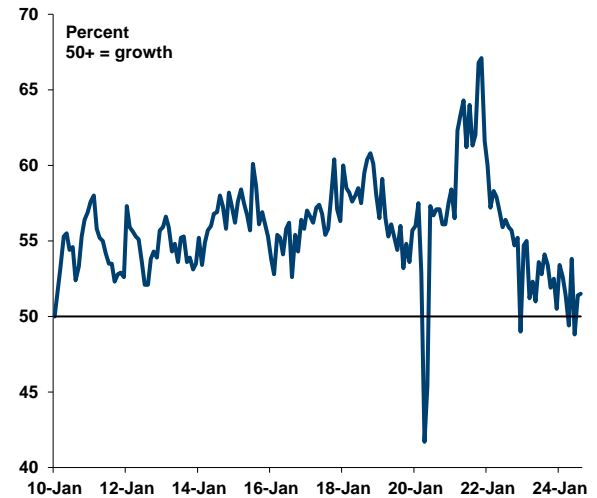


Source: Institute for Supply Management via Haver Analytics

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- The prices index rose 0.3 percentage point to 57.3. Although prices have increased for 87 consecutive months, the average of 58.0 percent in 2024 thus far is below the 59.3 average last year and well off the elevated average of 76.4 in 2022. In context, the price index is within the longer-run range rather than signaling problematic inflation pressure (chart, right).

ISM Services: Prices Index

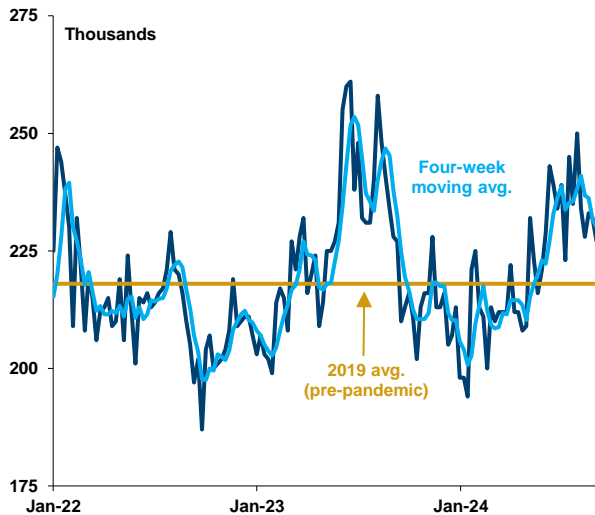


Source: Institute for Supply Management via Haver Analytics

Unemployment Claims

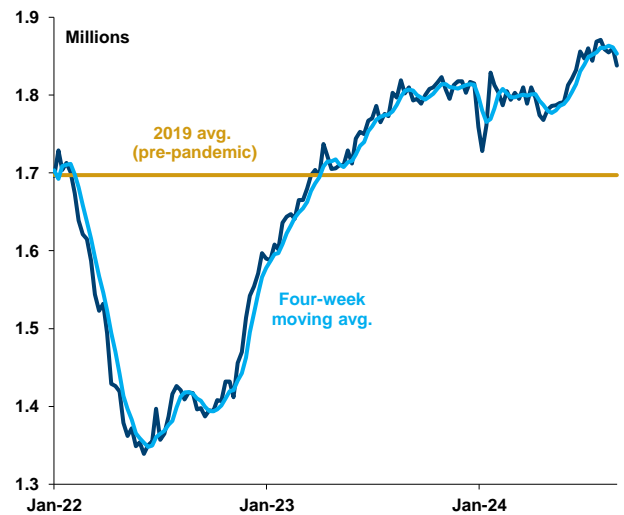
- Initial claims for unemployment insurance dipped for the second consecutive week, falling by 5,000 to 227,000 in the week ending August 31. Concurrently, the four-week moving average, a measure that helps smooth out the short-term fluctuations seen in claims, decreased 1,750 to 230,000 (the lowest value observed since early June). Despite the improvement over the past couple of weeks, claims remained above the 2019 pre-pandemic average of 218,000 for the fifteenth consecutive week (a period when the labor market was viewed as firm; chart, below left). With that in mind, we interpret the latest results as suggesting that the labor market has lost its edge but is not necessarily deteriorating.
- Continuing claims also moved lower, easing 22,000 to 1.838 million in the week ending August 24. The four-week moving average eased in tandem, decreasing 8,250 to 1.853 million. Although continuing claims have remained above the 2019 pre-pandemic average of 1.697 million for much of 2023 and 2024 thus far, this softening is consistent with rebalancing in a previously tight labor market. We do not yet see evidence of material weakness in underlying labor market conditions.

Initial Claims for Unemployment Insurance



Source: U.S. Department of Labor via Haver Analytics

Continuing Claims for Unemployment Insurance



Source: U.S. Department of Labor via Haver Analytics