

# U.S. Data Review

- ISM services: key subcomponents post sizeable declines in November

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## ISM Services Index

- The Institute for Supply Management’s services index fell 3.9 percentage points in November to 52.1 percent, well below the Bloomberg median expectation of a dip of 0.3 percentage point to 55.7 percent. In the latest month, all four components that feed into the calculation of the composite eased (table). That said, despite the weaker than expected performance, the ISM measure has registered an expansionary reading 51 times in the past 54 months. Of note, as indicated in the official release by Steve Miller, Chair of the Institute for Supply Management Services Business Survey Committee: “Generally, respondents’ comments were neutral to positive, and both positive and negative impacts were attributed to seasonality.” Thus, we remain cautiously optimistic the service industries, and U.S. economy more broadly, remain on track – particularly as the November reading of the S&P Global Services PMI printed today at 56.1 (revised only modestly lower from the flash estimate of 57.0).

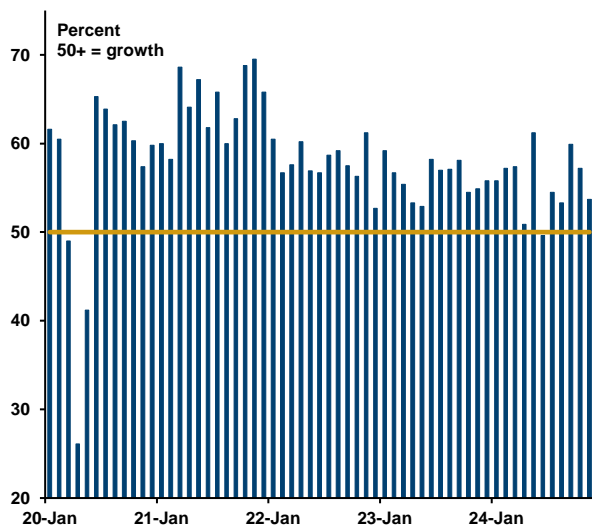
### ISM Services: Monthly Indexes\*

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
<b>ISM Nonmfg. Composite</b>	51.4	51.5	54.9	56.0	52.1
<b>Business activity</b>	54.5	53.3	59.9	57.2	53.7
<b>New orders</b>	52.4	53.0	59.4	57.4	53.7
<b>Employment</b>	51.1	50.2	48.1	53.0	51.5
<b>Supplier deliveries*</b>	47.6	49.6	52.1	56.4	49.5
<b>Prices</b>	57.0	57.3	59.4	58.1	58.2

\* 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

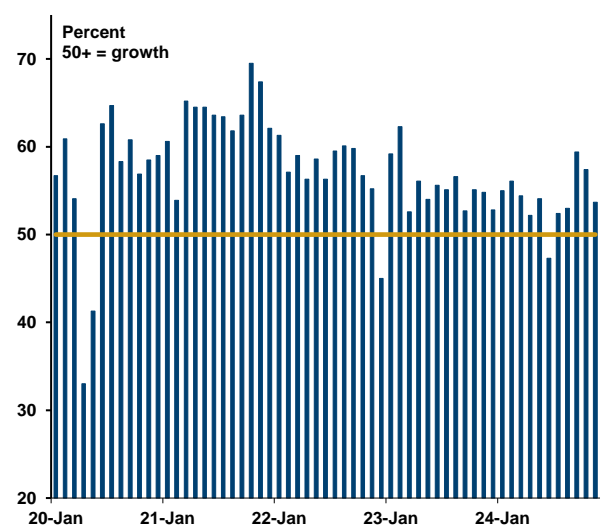
- The business activity and new orders indexes declined notably in November, with the former dropping 3.5 percentage points to 53.7 percent and the latter falling 3.7 percentage points to 53.7 percent. The latest results still indicate growth, but they do raise the possibility that the performances in the previous two months overstated strength in these areas (charts, below).

### ISM Services: Business Activity Index



Source: Institute for Supply Management via Haver Analytics

### ISM Services: New Orders Index

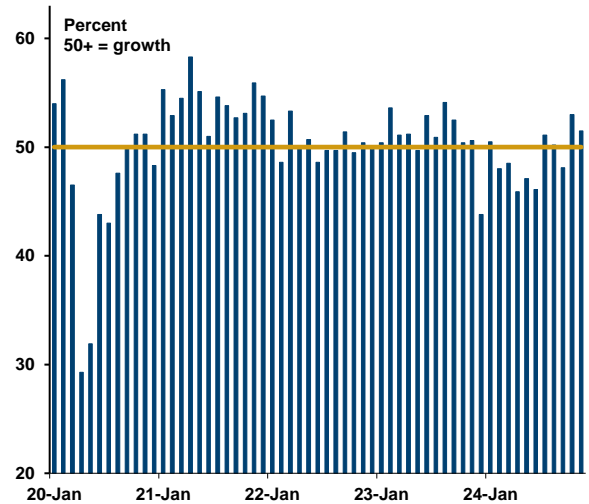


Source: Institute for Supply Management via Haver Analytics

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- The employment component posted a smaller decline, slipping 1.5 percentage points in the latest month to 51.5 percent, its second consecutive reading above the critical threshold of 50.0 (and fourth time in five months; chart). With that said, only five industries reported an increase in November (five reported declines and eight reported no change). The results, moreover, suggest that payroll data for November (published with the employment report on Friday) could record only a tepid rebound after hurricanes depressed hiring in October.

**ISM Services: Employment Index**

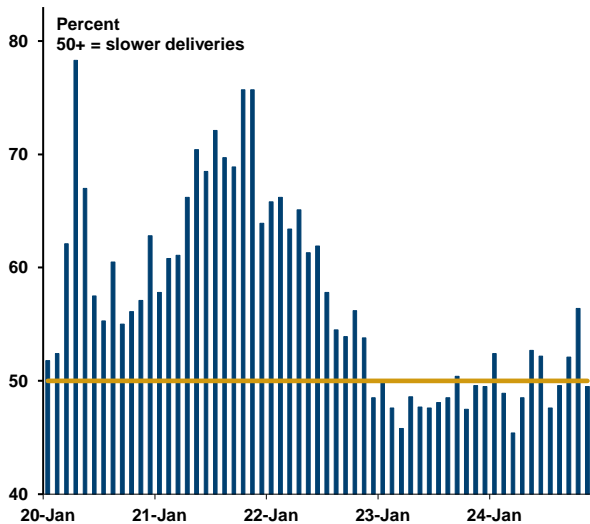


Source: Institute for Supply Management via Haver Analytics

- The supplier deliveries index registered the largest month-to-month decline in November, decreasing 6.9 percentage points to 49.5 percent, the sixth observation below the 50.0 threshold in 2024 thus far and indicative of “faster” deliveries (chart, below left). Keep in mind, however, that sub-50.0 readings shouldn’t necessarily be viewed as problematic. This subcomponent is an inversed index, with readings below 50.0 implying “faster” delivery times and readings above 50.0 percent suggesting “slower” deliveries. Broadly speaking, an observation in the vicinity of 50.0 suggests normally functioning supply chains.

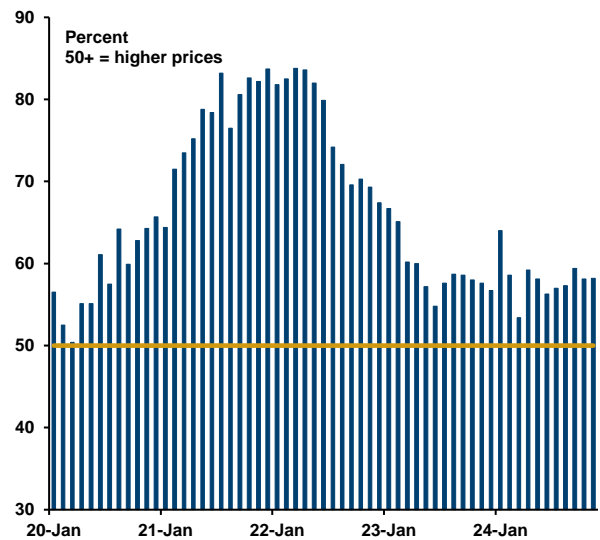
- The prices index ticked 0.1 percentage point higher in November to 58.2 percent. While prices have increased for 90 consecutive months, the average of 58.1 percent in the first 11 months of 2024 is below the 59.3 percent average in 2023 and noticeably off the 76.4 percent average in 2022. In other words, the prices index is within the longer-run range and not currently indicating acute inflation pressure (chart, below right).

**ISM Services: Supplier Deliveries Index**



Source: Institute for Supply Management via Haver Analytics

**ISM Services: Prices Index**



Source: Institute for Supply Management via Haver Analytics