

DAILY GLOBAL
COMMENTARY

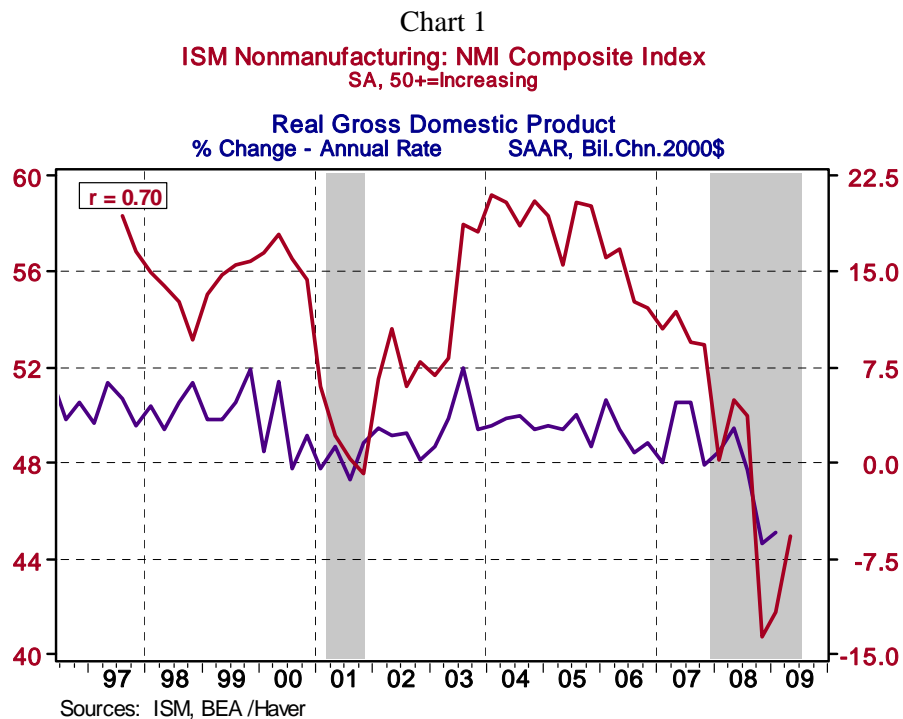
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ISM Surveys Point to Moderation in Pace of Decline in Economic Activity

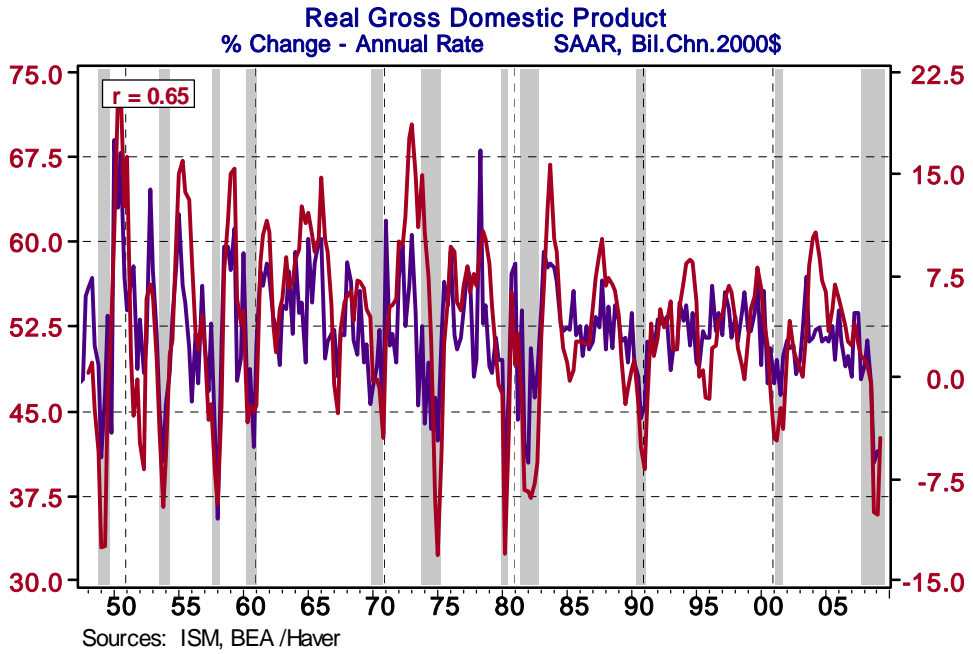
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The ISM Non-Manufacturing survey results for June indicate improving conditions in the non-manufacturing sector, with the composite index climbing 3 points to 47.0. Indexes tracking business activity (49.8 vs. 42.4 in May), new orders (48.6 vs. 44.4), and employment (43.4 vs. 39.0) moved up in June. These reading are below 50.0 implying that the sector continues to contract but each index is moving closer to the line of demarcation between contraction and expansion suggesting that the pace of decline is moderating.



As charts 1 and 2 indicate, both the non-manufacturing and manufacturing composite indexes have a strong positive correlation with the quarter-to-quarter change in real GDP. The recent moderation in these composite indexes points to a moderation in the pace at which real GDP is declining.

Chart 2
ISM Manufacturing: PMI Composite Index
SA, 50+=Increasing



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