

Optimism Reigns Despite Surging Virus

This morning, the Institute for Supply Management (ISM) non-manufacturing index for December climbed from 55.9 to 57.2, beating forecasts. (Any number above 50 in this diffusion index indicates expansion.) The forward-looking new orders index rose from 57.2 to 58.5, signaling future strength in the service sector. Of interest...and somewhat inconsistent with the rest of the report, was a decline in the employment index, which slipped below 50 to 48.2, thereby indicating a likely contraction in future service sector hiring. This probably makes sense in light of the virus's oversized impact on service-oriented businesses.

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