

## ISM Survey Shows Service Sector Entered Q4 on Solid Ground

The ISM Services composite index rose from 54.9 to 56 in October, signaling the *fastest pace of expansion since July 2022*. The growth was widespread with 14 of 16 service categories showing gains last month.

The employment index climbed from contraction to expansion, up almost five points to 53, the highest in over a year. This suggests the weakness apparent in the October employment report may have been overstated.

The business activity index slipped from 59.9 to 57.2, while the new orders index decreased from 59.4 to 57.4. Both remained firmly in expansion territory (above 50). The prices paid index retreated from 59.4 to 58.1, although a majority of purchasing managers are still experiencing higher prices.

Service managers have grown increasingly optimistic over the past four months, consistent with +2.8% GDP growth in Q3. All-in-all, a good report indicating that the largest sector of the economy appears to be on solid footing as the final quarter of 2024 begins.

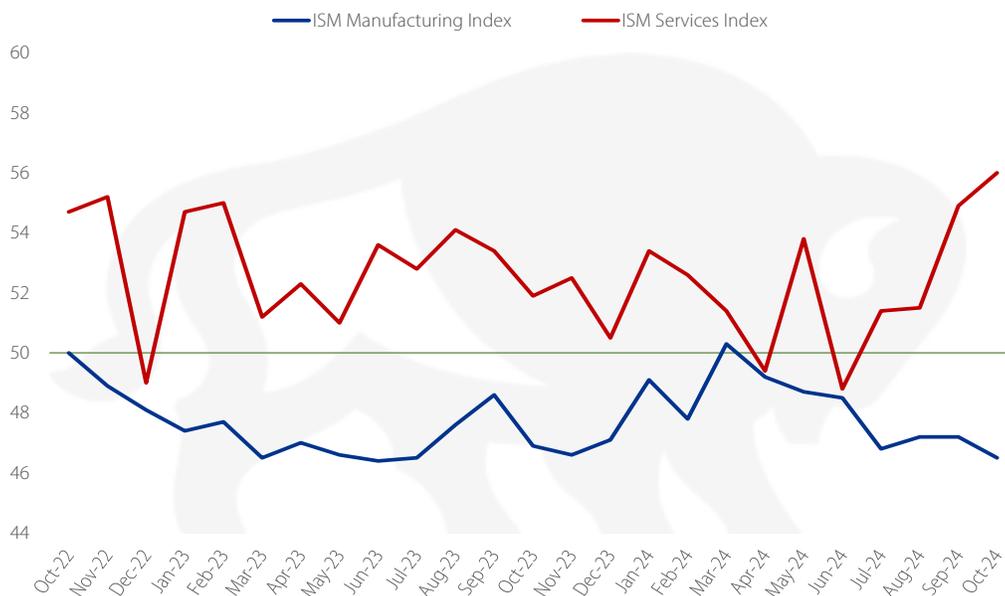
Bonds are selling off in early trading (yields higher), although this probably has more to do with election day than the ISM results. The November FOMC meeting begins tomorrow. Fed officials are expected to announce a 25 bps rate cut on Thursday afternoon. This morning's better than expected report should validate the decision.

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### ISM Purchasing Managers Index



Source: Institute for Supply Management

## Market Indications as of 10:00 A.M. Central Time

DOW	Up 289 to 42,084 (HIGH: 43,276)
NASDAQ	Up 164 to 18,343 (HIGH: 18,713)
S&P 500	Up 53 to 5,765 (HIGH: 5,865)
1-Yr T-bill	current yield 4.28%; opening yield 4.24%
2-Yr T-note	current yield 4.22%; opening yield 4.17%
3-Yr T-note	current yield 4.10%; opening yield 4.16%
5-Yr T-note	current yield 4.22%; opening yield 4.15%
10-Yr T-note	current yield 4.35%; opening yield 4.29%
30-Yr T-bond	current yield 4.51%; opening yield 4.47%

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