

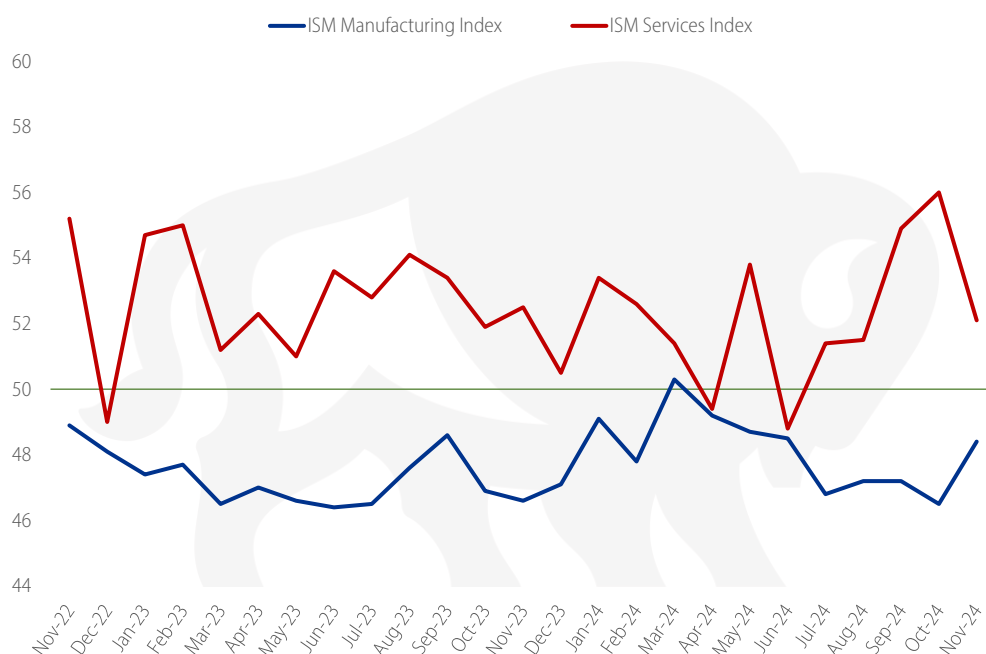
Mixed Data Provides Little Direction

A key purchasing managers index indicated the service sector may be losing momentum as the composite index from the Institute for Supply Management (ISM) slipped to a four-month low of 52.1. Although still above the 50 mark (indicating expansion) the 3.9 point decline was the largest since March. Both the new orders and current production indexes fell to their lowest levels since August. The prices paid index was expected to decline, but instead inched higher from 58.1 to 58.2 as service managers perceived a slight increase in price pressure in November. The employment index decreased from 53.0 to 51.5. This may reflect post-election uncertainty or perhaps a tapering of holiday-hiring.

On Monday, the ISM factory survey indicated broad improvement as the composite manufacturing index climbed from 46.5 to 48.4, still in contraction territory (sub-50), but reaching its highest point since June. Several key sub-indexes improved, with new orders signaling mild expansion for the first time in eight months at 50.4, and the employment index increasing from 44.4 to a five-month high of 48.1. The prices paid index actually fell from 55.2 to 50.3 as fewer factory managers reported rising prices.

In other news from this morning, mortgage applications rose for the fourth straight week. Affordability is still near all-time lows, but the number of available homes has risen significantly during the second half of the year providing options for buyers.

ISM Purchasing Managers Index



Source: Institute for Supply Management

Scott McIntyre, CFA
HilltopSecurities Asset Management
Senior Portfolio Manager
Managing Director
512.481.2009
scott.mcintyre@hilltopsecurities.com

Greg Warner, CTP
HilltopSecurities Asset Management
Senior Portfolio Manager
Managing Director
512.481.2012
greg.warner@hilltopsecurities.com

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Yesterday, the Job Openings and Labor Turnover Survey (JOLTS) indicated broad labor market improvement. October job openings rose by +370k to 7.74 million, well above forecasts. The largest month-over-month increases were found in leisure and hospitality (in preparation for the holidays) and business and professional services. The “quits rate” climbed from 3.1 million to 3.33 million in October suggesting workers are growing more confident they can easily find an alternate job.

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U.S. auto sales were also a positive surprise at a 16.5 million unit annual pace in November, the highest since May 2021.

Recent economic releases have been mixed, which argues in favor of a patient Fed.

Market Indications as of 10:13 A.M. Central Time

DOW	Up 201 to 44,906 (HIGH: 44,911)
NASDAQ	Up 193 to 19,674 (NEW HIGH)
S&P 500	Up 22 to 6,072 (NEW HIGH)
1-Yr T-bill	current yield 4.24%; opening yield 4.26%
2-Yr T-note	current yield 4.14%; opening yield 4.18%
3-Yr T-note	current yield 4.11%; opening yield 4.14%
5-Yr T-note	current yield 4.09%; opening yield 4.11%
10-Yr T-note	current yield 4.21%; opening yield 4.23%
30-Yr T-bond	current yield 4.38%; opening yield 4.41%

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