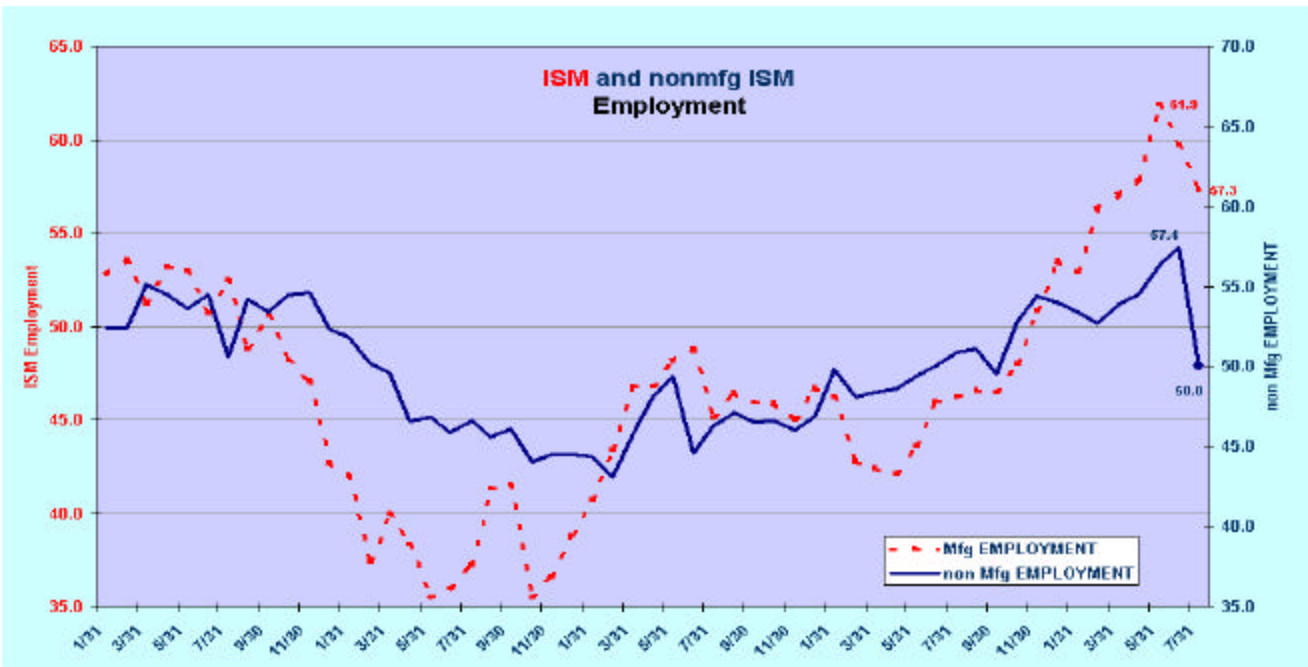
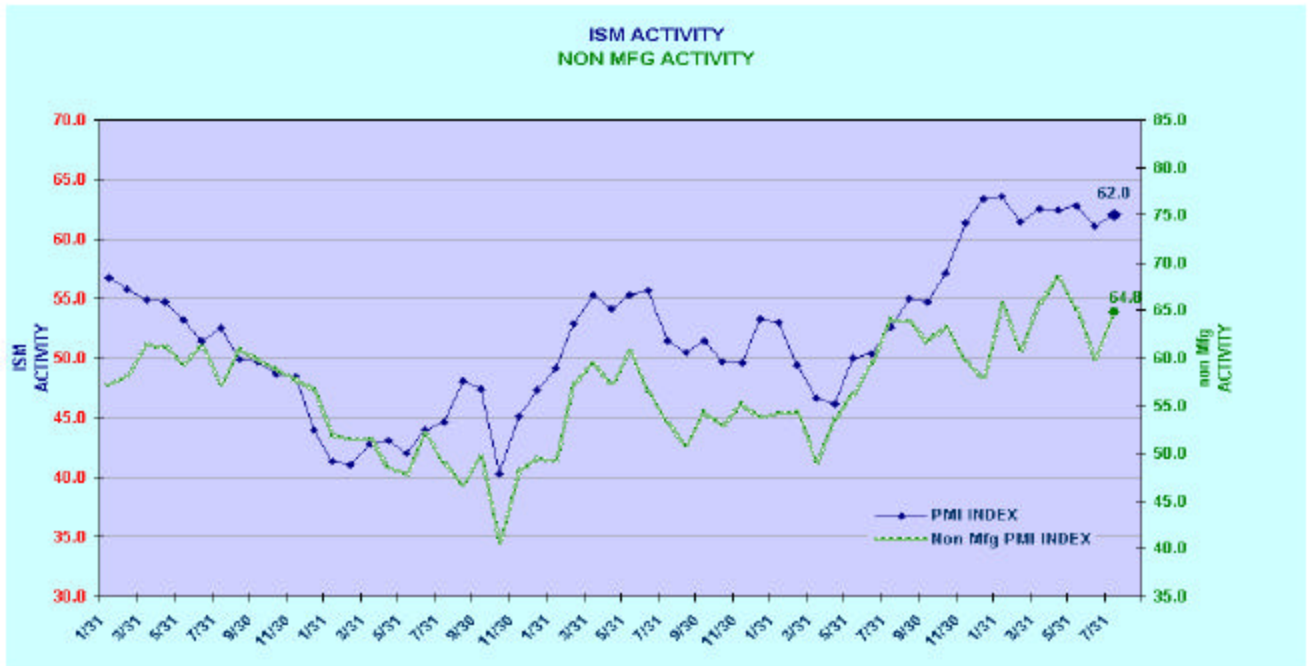




ISM and non MFG: playing the same tune





ECOMENTARY™

The manufacturing and non-manufacturing surveys appear to reveal a possible divergence although both segments of activity rose, judged by their top line responses and the corresponding slowing of the rate of employment expansion plans. This is the dirge that dominates the political wars: where are the jobs, or better, where are jobs expanding?

On the inflation front, however, there was more grist for the moderate mill of FOMC policy. The price trends in both segments suggest that some of the pressures of previous months are relenting, giving the Fed room to be quite moderate. We still think that the FOMC moves the funds rate up 25 bps next week.

