



## December Chicago Business Barometer Down 3.0 Points to 54.6

### New Orders Retreats from November High

The MNI Chicago Business Barometer fell 3.0 points to 54.6 in December from 57.6 in November, led by declines in both New Orders and Order Backlogs.

After a disappointing start to the fourth quarter, the latest results suggest economic conditions have improved somewhat, with the Barometer averaging 54.3 in Q4, the highest in two years.

The December decline was led by a slowdown in New Orders, which fell 6.7 points to 56.5, giving up most of the November gain that had left it running at the fastest pace since June. Production also subtracted from the Barometer, ending 2016 at the lowest level since October, while Order Backlogs moved back into contraction. Employment held firm, remaining below 50 for the second month in a row, while Supplier Deliveries was the only component to gain ground in December.

The Inventories Indicator moved back into contraction, sitting below the break-even mark for the eighth time this year, with some firms reluctant to add to their stock levels as we approach the end of the year.

Meanwhile, inflationary pressures at the factory-gate edged higher having eased slightly last month. Prices Paid rose 1.2 points to 58.0 in December, the indicator's second highest outturn of 2016. Panellists in our survey reported that the prices of metals, plastics, and transportation costs were all increasing with another commenting that "prices are headed higher".

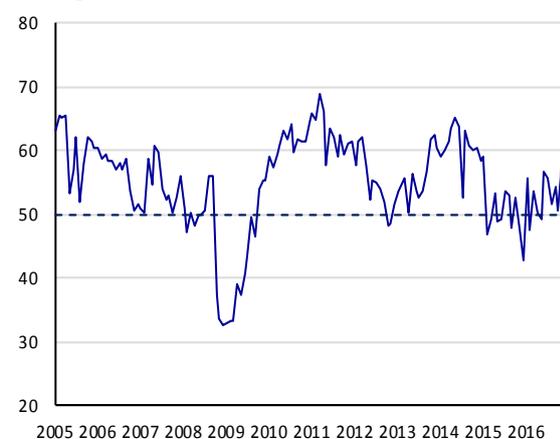
This month's special question asked panellists how they expected the new administration's policies to impact their business in 2017. Over half of total respondents expected their business to prosper, with

many citing anticipated tax reforms and deregulation as positive for business. However, 40% thought it would have no impact and 9% said they anticipated a negative impact on their activities.

"The Chicago Business Barometer ended 2016 in a much healthier position than a year ago when it slipped into contraction. This is largely owed to stronger outturns in the second half of the year and is testament to the resilience of the US economy.

"Most respondents to our survey remain upbeat about the fate of their business as we head into 2017, buoyed by fresh hope of better things to come under the new administration. Hopefully, 2017 can build on the momentum generated in the latter stages of 2016." said Jamie Satchithanatham, economist at MNI Indicators.

Chicago Business Barometer™



**For more information, please contact:**

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## Business Activity

	Oct-16	Nov-16	Dec-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Chicago Business Barometer	50.6	57.6	54.6	-	Oct-16	54.3	-3.0	-5.2%
Production	54.4	59.1	58.5	-	Oct-16	57.3	-0.6	-1.0%
New Orders	52.5	63.2	56.5	-	Oct-16	57.4	-6.7	-10.6%
Order Backlogs	44.4	52.8	42.6	-	Sep-16	46.6	-10.2	-19.3%
Employment	51.1	49.7	49.7	-	-	50.2	0.0	0.0%
Supplier Deliveries	51.2	53.9	54.7	Sep-16	-	53.3	0.8	1.5%
Inventories	45.9	56.1	46.0	-	Oct-16	49.3	-10.1	-18.0%
Prices Paid	59.5	56.8	58.0	Oct-16	-	58.1	1.2	2.1%

Seasonally adjusted

## Buying Policy

	Oct-16	Nov-16	Dec-16	Highest Since	Lowest Since	3-Month Average	Monthly Change	Monthly % Change
Production Materiel	32.2	35.0	31.1	-	Sep-16	32.8	-3.9	-11.1%
MRO Supplies	12.1	15.2	9.7	-	Mar-15	12.3	-5.5	-36.2%
Capital Equipment	145.2	144.3	148.1	Jul-16	-	145.9	3.8	2.6%

Seasonally adjusted

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