Media Release

Nov Chicago Business Barometer Down 7.5 Points To 48.7
New Orders Fall Sharply to Lowest Since March

The Chicago Business Barometer decreased 7.5 points to 48.7 in November from 56.2 in October, as a sharp fall in New Orders put it back into contraction for the sixth time this year.

The significant decline in the Barometer is indicative of the see-saw pattern of demand seen in 2015, with output and orders shifting in and out of contraction. The November fall also suggests that activity over the final quarter of the year may well decelerate barring a bounceback in December.

New Orders fell 15.3 points to 44.1 in November from 59.4 in October, leaving it at the lowest level since March. Production also fell sharply, although managed to hold just above the neutral 50 level that separates expansion from contraction.

The remaining three components of the Barometer remained broadly unchanged. Order Backlogs stayed in contraction for the tenth consecutive month while Employment and Supplier Deliveries increased slightly, pushing them a little more above 50.

The erratic pattern of stocks continued in November. Inventories fell sharply to below 50, having increased significantly in October. Underlying the softness in demand in November, 44% of panellists said that they thought their current level of inventories was too high, while 54% said that they were about right. Only 2% of the panel reported stock levels were too low, suggesting that a further inventory drawdown could depress growth.

Disinflationary pressures remained in November, as evidenced by the decline in Prices Paid, leaving it in contraction for the fourth consecutive month, a reflection of continued weakness in commodity prices.

Chief Economist of MNI Indicators Philip Uglow said, “That the Barometer was unable to hold on to the gain seen in October is a reflection of the erratic pattern of demand seen throughout 2015. The slowdown in the global economy, the strong dollar and decline in oil prices have all impacted businesses this year to varying degrees.”

“While it looks likely that the Fed will begin to raise rates in December, the latest setback supports the case for a gradualist approach to monetary tightening.”
About MNI Indicators

MNI Indicators specialises in producing business and consumer surveys designed to present an advance picture of the economic landscape and highlight changing trends in business and consumer activity. The timely reports explore attitudes, perspectives and sentiment across the globe, including China, India and Russia. Alongside MNI Indicators’ core focus on consumer and business surveys in emerging markets, MNI Indicators produces the renowned Chicago Business Barometer (Chicago PMI), a key leading indicator of the US economy. MNI Indicators is part of MNI, a leading provider of news and intelligence, a wholly owned subsidiary of Deutsche Börse AG, and one of the largest worldwide exchange organisations.

About ISM-Chicago

ISM-Chicago is a non-profit association dedicated to strengthening the community of purchasing and supply management professionals in the Chicagoland area. As an affiliate of the Institute of Supply Management (ISM), the organization is committed to the ongoing professional development of its members and the purchasing and supply management profession through education, research and communication. For more information on becoming a part of ISM-Chicago, call (847) 298-1940.

Notes to Editors

Please source all information to MNI Indicators.

The MNI Chicago Report is published by MNI Indicators, part of Deutsche Börse Group, in partnership with the ISM-Chicago.

The MNI Chicago Report is published monthly and contains the Chicago Business Barometer™ and a number of other Business Activity and Buying Policy indicators. The data is seasonally adjusted.

The Chicago Business Barometer™ is a closely watched leading indicator of U.S. economic activity and is based on a survey panel of purchasing/supply-chain professionals, primarily drawn from membership of the Institute for Supply Management-Chicago (ISM-Chicago). The survey panel contains both manufacturing and non-manufacturing firms, many with global operations.

The Chicago Business Barometer™ is a composite diffusion indicator made up of the Production, New Orders, Order Backlogs, Employment and Supplier Deliveries indicators and is designed to predict future changes in gross domestic product (GDP).

An indicator reading above 50 indicates expansion compared with a month earlier while below 50 indicates contraction. A result of 50 is neutral. The farther an indicator is above or below 50, the greater or smaller the rate of change.