

Embargoed until 9:45 A.M. E.T., 29 April 2016

Media Release

April Chicago Business Barometer Down 3.2 Points to 50.4

New Orders and Backlogs Fall to the Lowest Since December 2015

The Chicago Business Barometer decreased 3.2 points to 50.4 in April from 53.6 in March led by a fall in New Orders and a sharp drop in Order Backlogs. It marks a slow start to the second quarter, with most measures down from levels seen a year earlier.

Three of the five Barometer components decreased between March and April, with only Production and Supplier Deliveries posting increases on the month. April's decline left the three-month trend running at a softer pace of 50.5, having ended Q1 at the highest level in over a year.

The decline in the Barometer was led by a fall in New Orders, leaving it at the lowest level since December 2015. Order Backlogs, which last month increased to slightly below 50, saw a double-digit decline in April, while Employment moved back into contraction. Production posted a small rise while Supplier Deliveries increased sharply to the highest since October 2014.

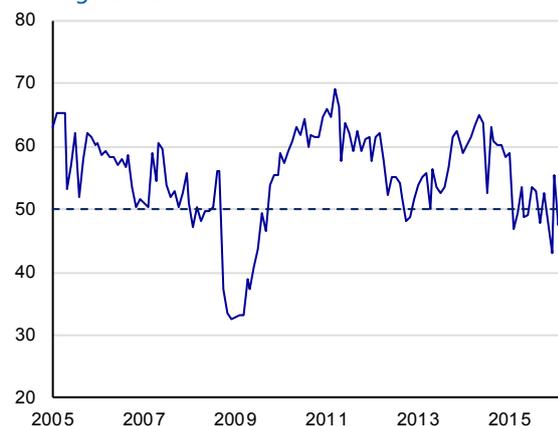
Inventories, which have been little changed over the past few months, increased to the highest since October 2015, but remained in contraction for the sixth consecutive month, suggesting there is a lack of confidence in the recovery.

A growing number of panellists were concerned or uncertain about the impact of a rate hike by the Federal Reserve. In a special question, 35.7% of respondents said an interest rate hike in the next six months would not have an impact on business activity, while 35.7% were uncertain. 28.6% said it will have an impact, with some commenting that it would affect business growth and capital investment plans. When the same question was asked in April 2015, half of the panellists said it wouldn't affect business, while only 21.2% said they expected to see an impact on business activity.

The recovery in the oil price as well as higher prices for some raw materials such as plastic and paper products had a significant impact on Prices Paid in April, causing it to jump back into expansion for the first time in nine months, to the highest level since November 2014.

Chief Economist of MNI Indicators Philip Uglow said, "This was a disappointing start to the second quarter, with the Barometer barely above the neutral 50 mark in April. Against a backdrop of softer domestic demand and the slowdown abroad, panellists are now more worried about the impact a rate hike might have on business than they were at the same time last year."

Chicago Business Barometer™



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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.