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## Media Release

# June Chicago Business Barometer Up 7.5 Points to 56.8

## New Orders Increase to the Highest Since October 2014

The MNI Chicago Business Barometer rose 7.5 points to 56.8 in June from 49.3 in May, the highest since January 2015, led by strong gains in New Orders and Production.

June's rebound was just enough to offset the previous two months of weakness, leaving the Barometer broadly unchanged over the quarter at an average of 52.2 in Q2 compared with 52.3 in Q1.

New Orders increased sharply on the month to the highest since October 2014, while Order Backlogs rose to the highest since March 2011, breaking a 16-month run of below 50 readings. Production also increased significantly to the highest since January 2016.

From November 2015 through to May 2016 firms ran down inventory levels. June, however, saw a double digit increase from May's 6½ year low, ending a seven month run in contraction, with an equal number of firms increasing inventories as decreasing them.

Companies, though, were not as confident as last year about the future level of orders. In response to a special question, 46% of respondents anticipated higher orders in Q3. This was little changed from the March result which showed 44% expected higher orders in Q2, but was significantly down from 57% in June 2015.

Despite higher orders and output, demand for labour fell. Employment contracted at the fastest pace since November 2009 and was the only component of the Barometer below the neutral 50 level in June.

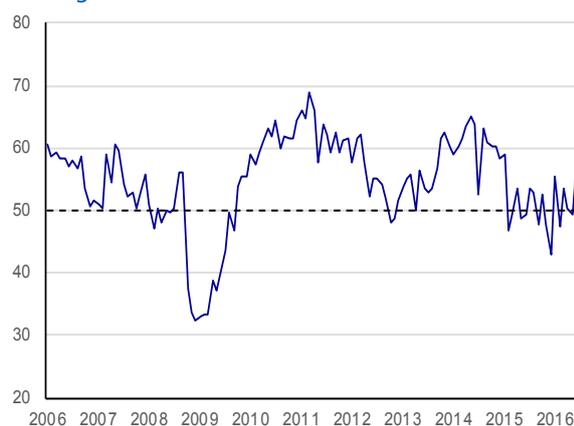
Following a significant lengthening in Supplier Delivery Times in April and May, data for June showed a shortening back to 50.0, suggesting bottlenecks in the supply chain have cleared. This

was in line with all three buying policies which shortened in June.

Inflationary pressures were little changed on the month, with Prices Paid hovering just a shade below April's 17-month high, following the recovery in the oil price and increases in other raw materials' prices.

Chief Economist of MNI Indicators Philip Uglow said, "June's sharp increase in the MNI Chicago Business Barometer needs to be viewed in the context of the weakness seen in April and May. Looking at the three-month average provides a better guide this month to the underlying trend in the economy with activity broadly unchanged between Q1 and Q2. Still, on a trend basis activity over the past four months is running above the very low levels seen around the turn of the year."

Chicago Business Barometer™



**For more information:**

Yasmine Blossie  
Media Relations  
Deutsche Börse  
T+44-207-862-7400  
info@mni-indicators.com

**Editorial content:**

Philip Uglow  
Chief Economist  
MNI Indicators  
@philip\_uglow1

Sales enquiries: info@mni-indicators.com

#### 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.