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Media Release

February Chicago Business Barometer Up 7.1 Points to 57.4

Prices Paid at the Highest Level Since September 2014

The MNI Chicago Business Barometer rose by 7.1 points to 57.4 in February from 50.3 in January, the highest reading since January 2015.

Following a slow start to the year, firms have become more optimistic this month. February's gain was the largest monthly increase since January 2016 when the barometer rose by 12.5 points. This month's increase was led by four of the five components of the Barometer, with only Supplier Deliveries receding.

The acceleration in demand contributed the most to the Barometer's rise. New orders rose by 10.1 points, moving into expansion territory again, after slipping briefly below 50 in January. Production was up 4.3 points to a 13-month high of 60.3 in February. Order Backlogs rose for the second consecutive month, but remained below the breakeven level, where it has sat for three consecutive months. Employment moved into expansion for the first time in four months hitting the highest level since October 2014. Supplier Deliveries fell to the lowest level since last October.

This month's special question asked firms how the level of oil prices over the past year impacted their businesses. Just over a quarter of respondents said they had been helpful to their business, while 52% of respondents had little or no impact and 22% of respondents found oil prices to have hurt their business. In another special question, firms were asked if they were planning to set goals for adding environmentally sustainable activities in 2017. One in three firms said yes while just over 40% of respondents said no. The remaining quarter said they weren't sure.

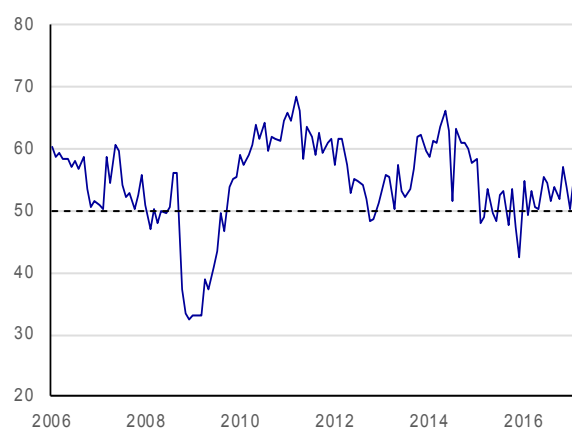
To keep up with demand, companies increased their stock levels at the fastest pace since October 2015, with the Inventories Indicator rising by 15.3 points in February, to climb into expansion territory for the first time in three months.

Inflationary pressures at the factory-gate increased for the third consecutive month. Prices Paid jumped 7.2 points to 68.6 in February, the highest level in just about two and a half years.

"The sharp bounce back in optimism to a level not seen in over two years and growth in output at the highest level for over a year offers an upbeat picture of the US economy," said Shaily Mittal, senior economist at MNI Indicators.

"The latest survey shows a continuance of price increases, with Prices Paid at the highest level since September 2014. With inflationary pressures on the rise and the job market having improved, the next rate hike could come soon, possibly in the coming quarter", she added.

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 Market News International Inc., a leading provider of news and intelligence.

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 Market News International Inc., in partnership with the ISM-Chicago.

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

The Chicago Business BarometerTM 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 BarometerTM 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 US 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.