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## Media Release

# May Chicago Business Barometer at 55.2 vs 58.3 in April

## Both Production, New Orders Ease

The MNI Chicago Business Barometer decreased to 55.2 in May from 58.3 in April, the lowest level since January.

Optimism among firms about business conditions eased for the first time in four months. Three of the five Barometer components led May's decline, with Order Backlogs and Supplier Deliveries increasing.

After rising for three consecutive months, demand lost ground in May. New orders fell by a hefty 9.6 points, to hit the lowest level since January. In line with lower orders, Production also receded, although by a softer margin. The indicator was down 3.8 points to 55.7 from 59.5 in April. Order Backlogs remained in contractionary territory for the sixth consecutive month, though did rise by 4.8 points in May. Suppliers took longer to deliver key inputs, with the respective indicator 4.3 points higher at 60.3 in May, the highest level since September 2014. There were reports of longer delivery times due to suppliers running out of products because of maintaining low inventories.

The Employment indicator remained broadly stable after leaping out of contraction territory last month. Although the indicator has expanded only eight times in last 24 months, it is showing tentative signs of a pick-up, sitting above 50 in two of the last three months. Panelists reported a rise in temporary hires and a fall in executive level positions to manage costs.

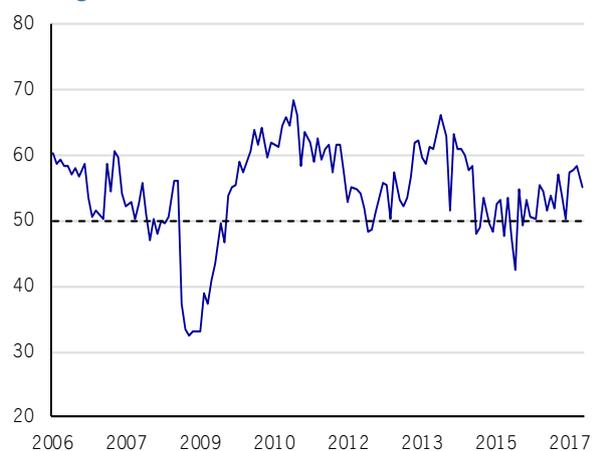
This month's special question asked firms if they planned to expand their workforce in the next three months. Over half of respondents planned on hiring, suggesting businesses were optimistic about demand in the summer. While a third of respondents did not intend on hiring, 14% of them were unsure. Of those who were keen on expanding their workforce, 40% intended on hiring permanent employees, 33% on temporary employees and 27% expected a mix of both permanent and temporary employees. When the same question was posed in May

2014, the majority preferred a more permanent setup rather than a more flexible workforce.

Inflationary pressures at the factory gate eased for the third consecutive month, though remained at an elevated level. Prices Paid have jumped almost 13% since last year, although the growth rate has eased in recent months. Panelists reported a continued rise in the price of steel and plastic products.

"May's fall in the MNI Chicago Business Barometer needs to be viewed in the context of the strength seen in the past three months. With the three-month average, broadly stable, it provides a better guide this month to the underlying activity. Still, business activity over the past three months is running significantly above the levels seen during the same time last year," said Shaily Mittal, senior economist at MNI Indicators.

### Chicago Business Barometer™



#### For more information:

Market News International  
T: +44-203-856-3812  
E: [info@mni-indicators.com](mailto:info@mni-indicators.com)  
[www.mni-indicators.com](http://www.mni-indicators.com)

#### Editorial content:

Shaily Mittal  
Senior Economist  
MNI Indicators

@MNIIndicators



#### 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 Barometer<sup>TM</sup> and a number of other Business Activity and Buying Policy indicators. The data is seasonally adjusted.

The Chicago Business Barometer<sup>TM</sup> 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<sup>TM</sup> 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.