

Embargoed until 9:45 A.M. E.T., 30 June 2017

Media Release

June Chicago Business Barometer at 65.7 vs 59.4 in May

Highest Level Since May 2014

The MNI Chicago Business Barometer rose to 65.7 in June from 59.4 in May, the highest level in over three years.

Optimism among firms about business conditions rose for the fifth consecutive month. Four of the five Barometer components led June's increase, with only Employment falling, albeit slightly. Successive rises in the barometer left the Q2 calendar quarter average at 61.1, significantly above Q1's 55.1, and the highest level since Q2 2014.

Demand accelerated in June, offsetting the loss witnessed in the previous month. New orders rose by 10.5 points to 71.9 in June, the highest level since May 2014. In line with growing demand, Production strengthened. The indicator was up 4.5 points to 67.7 from 63.2 in May. Order Backlogs grew significantly in June, to a level not seen since July 1994, after jumping out of contractionary territory last month. In Q2, backlogs averaged 52.5, after contracting for nine consecutive quarters. Suppliers took longer to deliver key inputs, with the respective indicator at 62.8, the highest since June 2011.

Companies ran down inventories to satisfy growing demand. The Inventories indicator fell 3.6 points to 51.9 in June, the lowest since the start of the year.

The Employment indicator slipped to 56.6 from 57.1 in May. Panelists were concerned about finding reliable, well qualified workers and there was a rise in temporary hires, a growing job market trend in recent months.

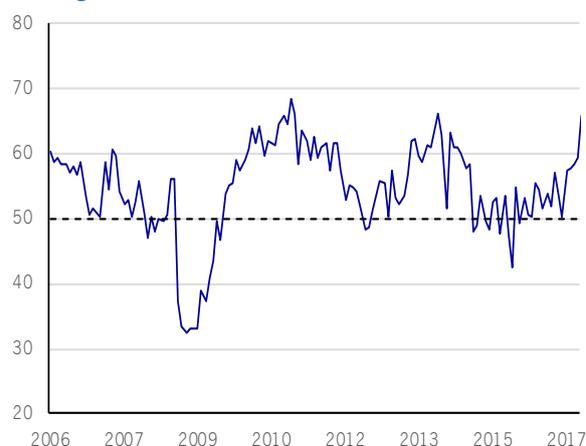
This month's special question asked firms about their expectations about new orders in Q3 compared with Q2. More than half of respondents were more confident about higher new orders while 33.9% of them expected them to be at the same level. 11.3% of respondents expected softer ordering patterns in the next three months while the remaining 1.6% were unsure. When

the same question was posed last year, although the majority were still confident about Q3, they were less so than in the current year. A total 46% expected higher new orders in Q3 while 42% expected orders to remain stable and 12% were pessimistic last year.

Inflationary pressures at the factory gate remained broadly stable after easing for three straight months. Panelists reported a continued rise in the price of steel and plastic products, but mentioned that suppliers were holding off passing through prices increases.

"June's MNI Chicago Business Barometer Survey is a testament to firms' expectations of a busy summer. With Production and New Orders touching levels not seen in three years, rising pressure on backlogs and delivery times has led to higher optimism among firms both in general business conditions and the local economy," said Shaily Mittal, Senior Economist at MNI Indicators.

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.

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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.