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Media Release

September Chicago Business Barometer Rises Sharply to 65.2

Prices Paid Increase Significantly; Order Backlogs Highest in 29 Years

The MNI Chicago Business Barometer rose to 65.2 in September, up from 58.9 in August, hitting the highest level in three months and the second highest level in more than three years.

Optimism among firms about business conditions was bolstered in September after August's flat showing, with each of the Barometer's sub-components strengthening. A marked rise in Order Backlogs, up to a 29-year high, was among the month's highlights. September's survey result left the Q3 calendar average of the Barometer at 61.0, virtually unchanged from Q2's three-year high of 61.1.

The sharp rise in sentiment was the result of widespread gains, though particularly concentrated in demand, backlogs and employment. Together, these account for 60% of the headline Barometer. The increases in Production and Supplier Deliveries, accounting for the remaining 40%, were slightly more modest in comparison.

Four of the five Barometer components rose to levels just shy of the highs set in June, with only Order Backlogs surpassing it, hitting a level not seen since July 1988. Output and New Orders rose for the second consecutive month in September while the recent barrage of storms was reported to have weighed on delivery times.

The adverse weather conditions also led some companies to stockpile goods as a precautionary measure. The Inventories indicator rose by 8.4 points to the highest level since March.

After three consecutive monthly falls, the Employment indicator returned to above-50 territory in September. Despite the rise, companies continued to cite difficulty in finding skilled workers while there was evidence of firms hiring temporary staff and staff working overtime hours.

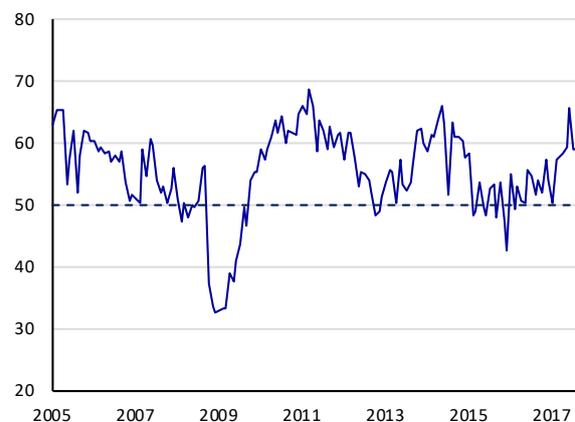
This month's special question asked firms about their perceptions of supplier delivery times in the final quarter of the year amid the storms in the Texas/Louisiana region. At 58.6%, the majority of firms said they expected delivery

times to remain unchanged, with 38% believing delivery times would lengthen by some degree and some reporting that they were already experiencing disruption across container/trucking routes. The remaining 3.5% forecasted delivery times to shorten over Q4.

Inflationary pressures at the factory gate rose markedly in September to a level not seen since July 2011. Elevated commodity prices alongside the more immediate hurricane-induced materials shortages appear to be behind the increase.

"The strong outturn in September means that on a quarterly basis business activity was broadly unchanged from an already impressive Q2. Looking forward, firms are on record expecting a busy Q4 despite disruptions caused by the recent storms, with just a handful expecting delivery times to lengthen between October through December," said Jamie Satchi, 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 activity. 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

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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 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.