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Media Release

October Chicago Business Barometer Climbs to 66.2

Barometer Hits Six-and-a-Half-Year High; Backlogs Highest in 43 Years

The MNI Chicago Business Barometer rose to 66.2 in October, up from 65.2 in September, hitting the highest level since March 2011.

After a bullish September showing, firms' optimism regarding the business landscape found further room to grow as they entered the final quarter of the year. Of the five Barometer sub-components, only Employment and Supplier Deliveries slipped from their respective September levels.

Steering the month's result, both demand and output climbed for the third straight month to robust levels. New Orders rose to its highest level since June and the second highest since May 2014 while Production hit its highest level since August 2014. Together, both indicators account for 60% of the Barometer.

Order Backlogs have trended upwards since the start of Q2 and this extended into October. The indicator reached a level not seen in over 43 years, having had set a 29-year high last month. The carryover of backlogs into October, though partially brought on by the disruption caused by the recent storms, when viewed in the context of growing orders paints a picture of healthy demand.

The storms across the country were also culpable for both longer supplier delivery times and firms stockpiling goods last month but in October both Supplier Deliveries and Inventories softened. There was, however, anecdotal evidence from panelists that the lead times for metals had lengthened.

For the fourth time this year, the Employment Indicator slipped below 50 into contraction territory. Firms have repeatedly reported a shortage of skilled and trained workers and have resorted to having existing staff working overtime or to hiring temporary workers. In what was a new development, there was evidence of firms losing their skilled workers for higher wages elsewhere in October, further reinforcing the shortage of this profile of employees.

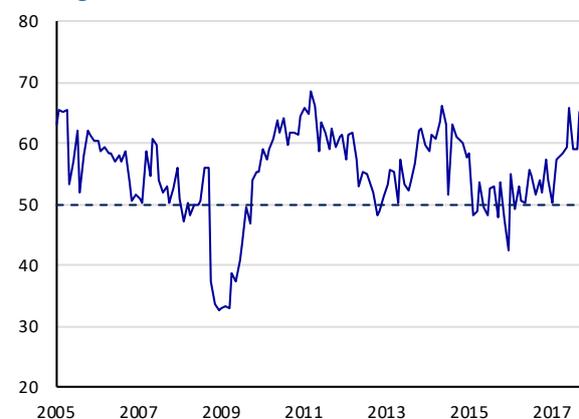
This month's special question asked businesses whether they

saw their organization as growing, stable or declining in the final quarter of the year. An equal proportion of businesses (44%) expected their business to expand or remain stable in the final quarter of 2017 while the remaining 12% of businesses saw their operations contracting. Q4 is typically a busy month for businesses and this result runs consistent with the survey's narrative of robust business confidence.

Inflationary pressures at the factory gate softened in October, losing almost half of last month's sizeable gain. This reflected a partial stabilization in material prices and an abating of input shortages, both initially induced by the storms. That said, plastic and metal prices were said to have remained high.

"Firms kicked off Q4 in buoyant mood with only 12% expecting activity to decline between now and the close of the year. Despite the MNI Chicago Business Barometer hitting a six-and-a-half year high, and output and demand in seemingly rude health, concerns remain over firms' inability to attract and retain skilled workers." 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

Please source all information to MNI Indicators.

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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.