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Media Release

December Chicago Business Barometer Rises to 67.6

Production, New Orders Propel Barometer to Six-and-a-Half Year High

The MNI Chicago Business Barometer rose to 67.6 in December, up from 63.9 in November, closing the year at the highest level since March 2011.

On a calendar quarter basis, the Barometer rose to 65.9 in Q4 from 61.0 in Q3, the best quarterly performance since Q1 2011, only the second time in the last decade there have been three consecutive above-60 readings in the Oct-Dec period.

Both output and demand showed strong gains in December, with each rising to multi-year highs. The Production indicator rose to a level last seen higher 34 years ago, while the New Orders Indicator hit a three-and-a-half year high. As for the other three indicators that comprise the Barometer, Order Backlogs also grew, but Employment and Supplier Deliveries fell on the month.

Firms' unfulfilled orders edged slightly higher in December, but remained below the levels recorded in October, when businesses grappled with the worst of the recent, challenging weather conditions. Also reflecting the better logistical environment, supplier delivery times shortened in December. The associated indicator fell to the lowest level since April but remained comfortably above the 50-neutral mark.

Companies did, however, keep increased quantities of stock at hand. After hitting an eight-month high in November, the Inventories indicator rose to fresh 3-year high in December. There was evidence of firms carrying a larger level of stock to support stretched lead times and in preparation for product launches scheduled for the New Year.

Despite decreasing in December, the Employment indicator remained in expansionary territory. On a 12-month average basis, 2017 was the best year the indicator has had since 2014, slipping below the 50 on only four occasions.

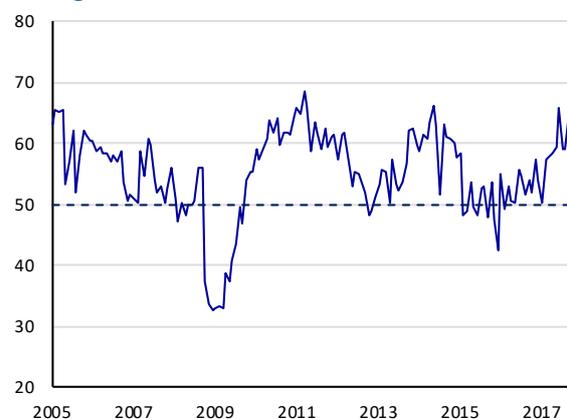
This month's special question asked firms to predict how both their businesses and the US economy would fare in the upcoming new year. Just over 50% saw their company growing somewhere between 0-5%, with 37% forecasting

growth between 5-10% and the remaining 12% expecting growth above 10%. Regarding the bigger picture, 61% of firms thought the US economy would grow somewhere in the region of 2 to 5% over 2018, while 29% put growth at between 0 and 2%. Just under 6% of businesses saw the US economy contracting in 2018 while the remaining 4% saw economic growth running above 5%.

Inflationary pressures at the factory gate remained high in December, though did edge down to the lowest level since August. The upswing in global demand, along with input shortages induced by this year's hurricanes, saw prices elevated throughout the year.

"Sentiment among businesses started 2017 in good shape and only impressed more as the year progressed. December's result secured the MNI Chicago Business Barometer's first full year of expansion since 2014 and with New Orders ending the quarter in fine shape there is every chance this form could be carried over into 2018," said Jamie Satchi, Economist at MNI Indicators.

Chicago Business Barometer™



For more information:

Market News International
T: +44-203-865-3812
E: info@mni-indicators.com
[@MNIIndicators](#)
[MNI Indicators](#)

Editorial content:

Jamie Satchi
Economist
MNI Indicators



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.