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Media Release

Chicago Business Barometer Surges to 66.4 in November

New Orders Hits 54-Month High to Propel Barometer to Calendar-Year High

The MNI Chicago Business Barometer surged to an 11-month high of 66.4 in November, up 8.0 points from October's 58.4.

Business activity recorded its most impressive performance so far this year in November, ending a three-month run of declines. Although broad-based, with increases across all five of the Barometer's subcomponents, resurgent orders, solid output and higher unfinished orders were the month's key drivers.

This month's result means the Barometer has signalled expansion, sitting above the neutral 50-mark, for 33 consecutive months. Moreover, the headline index has registered above-60 for all but three of the past 15 months.

Driving the November rise were soaring orders and higher output. After easing in each of the last two months, November saw New Orders jump to the highest level since May 2014. Production, meanwhile, rose for a second straight month, settling at a three-month high. Some firms said that while they were seeing increased orders in November, there were also demands from customers for earlier delivery on existing orders.

Order Backlogs, which reversed October's decline and hit a four-month high, also helped propel the overall index higher this month. Firms reported labor struggles continuing to restrain the ability to tackle backlogs over what is considered the busiest time of the year for many firms. Meanwhile, supply-side issues continued to weigh on firms. The Supplier Deliveries indicator rose to its highest level since April 2004 in November, with some firms citing delays in sourcing deliveries from offshore suppliers.

Having used the previous two months to accumulate stock, firms ate into these levels in November with the Inventories indicator slipping to a three-month low. In past months firms had reported accruing stock in preparation for the upcoming festive season or to protect themselves in anticipation of higher prices fueled by any further trade disruptions.

Building on October's rise, the Employment indicator strengthened further in November, hitting a three-month high and moving further clear of the neutral-50 mark.

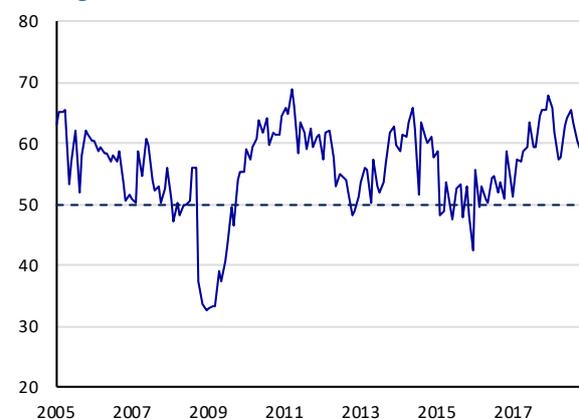
This month's special question built on this, asking whether firms saw labor issues negatively impacting their business in the New Year. The majority of firms, 42.6%, were optimistic that this would not be the case but a sizeable 36.2% did foresee issues manifesting, supplemented by a further 21.3% who were unsure.

Prices data, meanwhile, continued to signal elevated input expenses across firms. Prices Paid, despite moderating in November, remained locked in a historically high range. Some firms reported an increase in costs across a range of goods while others said they were in the process of renegotiating contracts.

"The MNI Chicago Business Barometer clipped a run of three consecutive declines in emphatic style in November, boosted primarily by resurgent orders – stronger than typically seen at this time of year and enough to push the Barometer to its best level since December," said Jamie Satchi, Economist at MNI Indicators.

"However, many firms reported seeing the effects of higher China tariffs on their invoices for the first time, and voiced concern that business could be stifled going forward," he added.

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.