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Media Release

Chicago Business Barometer Accelerates To 64.7 In February

Double Digit Rise In New Orders; Inventories Contract

The MNI Chicago Business Barometer rose by 8 points to 64.7 in February, to the highest since December 2017. This month's gain was last matched in February 2017 and surpassed only by the 12.5 points hike recorded in January 2016.

Optimism returned, with most Barometer components back at December 2018's level after last month's dip, indicating temporary factors at play in January. February's increase was led by four of the five Barometer components, with only Supplier Deliveries receding.

The pick-up in demand contributed the most to the Barometer's rise. New orders rose by 15.2 points, the largest monthly rise since January 2016 when it jumped 17.4 points. Production was up 8.5 points to a fresh six-month high. Order Backlogs were up by 5.6 points, offsetting January's decline.

Supplier delivery times continued to subside in February, the fourth consecutive decline, hitting the lowest level since June 2017.

Firms kept their inventories under tight control, reflecting the recent volatile levels of demand. The indicator plummeted below the 50-neutral mark for the first time in seven months. However, firms may have to reassess their stockpiling if orders continue to pick up and lead times for raw materials and capital equipment keep rising.

The Employment indicator rose to its highest since July 2018, with firms more willing to add to their workforce. However, concerns remain among some about finding the right fit of employees to meet their needs.

The Prices Paid indicator posted a first increase in seven months, easing the downward pressure seen on prices through the second half of the last year. Although the indicator was up 6.6% on a year-on-year basis, the trend levels came in at par with last year, suggesting that prices of some key materials were still soft.

This month's special question asked firms how another interest rate hike would impact their business. 48.9% of firms believed a rate hike would adversely impact their business, while 46.7%

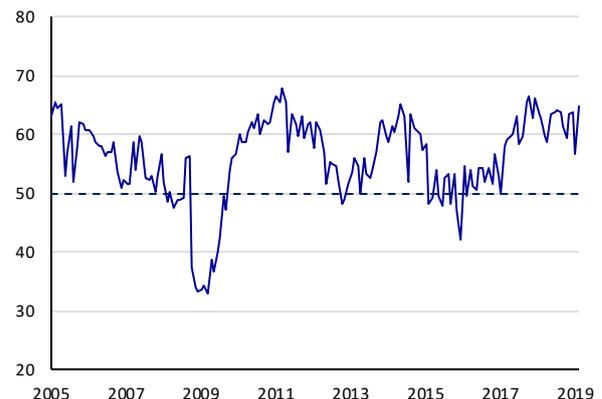
didn't expect any impact, leaving only a minority of firms expecting to benefit from a rate hike.

Firms were also asked if the lack of agreement in ongoing trade impacted their business strategies. A majority of firms, at 42.6%, said this had negatively impacted them, while a quarter said they were immune.

"The sharp pick-up in the Barometer to a level not seen in over a year, underpinned by the growth in demand and production, showcases a healthy image of the US economy," said Shaily Mittal, Senior Economist at MNI Indicators.

"With the Fed's cautious approach towards monetary tightening along with soft inflation, firms remain optimistic about their business activity," she 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

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.