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Media Release

Chicago Business Barometer Dropped in April to 52.6

Production Lowest Since May 2016

The MNI Chicago Business Barometer fell 6.1 points to 52.6 in April, down from 58.7 in March to the lowest level since January 2017.

The weakness in the Barometer observed in Q1 continued into Q2, with the April fall led by four of the five Barometer components. Only Order Backlogs increased on the previous month's reading.

New Orders eased for the second consecutive month, dipping below both three- and 12-month averages. Amid weaker orders seen recently, Production pulled back significantly from March, to a level not seen since May 2016.

Order Backlogs picked-up, moving above the 50-neutral level after a brief dip into contraction territory in March. There were reports of increased lead times at both domestic and offshore points, putting pressure on backlogs.

Companies continued to run down their inventories, but less so than last month. The indicator remained just a touch below the 50-mark for the third time in the last nine months.

The pullback in demand and production was matched by reduced demand for labor. The Employment Indicator softened to the lowest level since October 2017, also now hovering below both the three- and 12-month averages.

Supplier delivery times shortened to the lowest reading since April 2017 after remaining broadly steadfast over the last two years.

Factory gate prices saw the biggest monthly fall since December 2008, taking the indicator to the lowest level since March 2016. There was anecdotal evidence of steel leading the fall in prices.

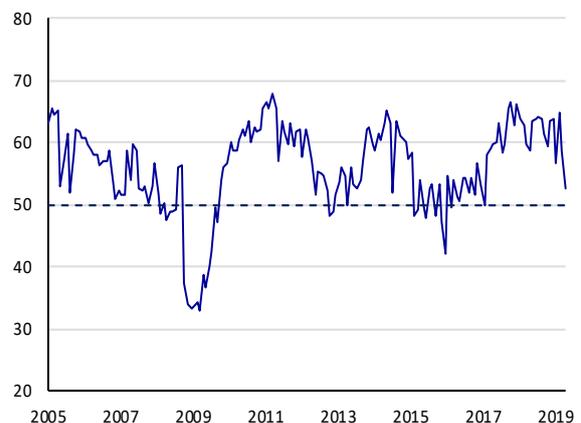
This month's special question asked firms if they planned to expand their workforce in the next three months. Just over half said they planned to hire more workers. About a third didn't have the need to add to their workforce and the rest were unsure. Of those who planned on hiring, firms were keener on employing

temporary workers over permanent staff.

"This was a disappointing start to the second quarter, with more firms cutting back on both production and employment against a backdrop of softer domestic demand and the global slowdown," said Shaily Mittal, Senior Economist at MNI.

"Most Barometer components have dived below their respective 12-month averages, pointing towards greater business uncertainty among firms," 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.