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Media Release



## Chicago Business Barometer™ – Lifted to 50.4 in August

### Key Points – August Report

The Chicago Business Barometer™, produced with MNI, rose 6.0 points to 50.4 in August, up from 44.4 in July. The index had been in contractionary territory for two months before this month's gain.

Only two of the Business Activity components saw a monthly decline, as Supplier Deliveries saw a sharp fall, dropping to 50.3 from July's 55.6.

The survey still suggests a softer overall tone in business activity despite the August pick-up in sentiment, as the three-month average fell again, dipping to 48.2.

Production remains muted, despite a pickup of 6.7 points. Demand recovered slightly, highlighted by an increase in New Orders, which saw the largest single component monthly gain and shifted back into expansion.

Order Backlogs recovered to 51.3 in August after three straight months below 50. The index stood at 43.5 in July.

Inventories witnessed the largest monthly percentage decline, falling by 11.2% to 47.9, indicating that firms started to run down inventories in August.

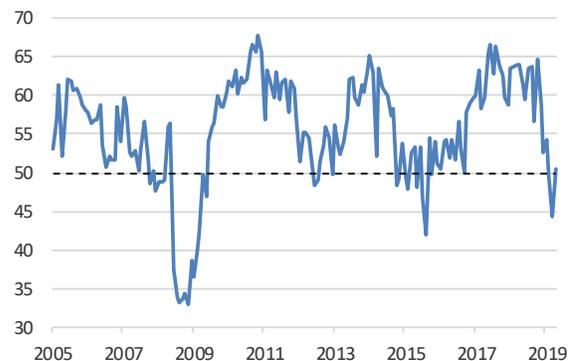
Labor demand improved in August, with the Employment indicator rising slightly to 43.7, however the component has remained in contraction since July.

Prices Paid at the factory gate ticked up 3.7 points, reaching a five-month high of 59.8 – still a long way shy of the 12-month high 79.8.

This month's special question asked firms about their business investment plans for the remainder of 2019. The majority, at 63%, intend to leave their current plans

unchanged, with firms noting global uncertainties as their main concern. While 27% are planning to increase their investments, the balance of 10% intend to reduce theirs.

### 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 and consumer activity. MNI Indicators produces the renowned Chicago Business Barometer™, a key leading indicator of the US economy. MNI Indicators is part of Market News International, Inc., a leading provider of news and intelligence.

## Notes to Editors

**Production:** MNI Indicators, part of Market News International Inc.

**Date range:** Monthly since 1946

**Release Date:** Last working day of the month

**Bloomberg ticker:** <CHPMINDX>

**Collection method:** Survey data is collected online each month from manufacturing and non-manufacturing firms in the Chicago area. Respondents are purchasing/supply-chain professionals, primarily drawn from the membership of the ISM-Chicago (Institute for Supply Management – Chicago).

**Calculation method:** Respondents are asked their opinion on whether a particular business activity has increased, decreased or remained the same compared with the previous month. E.g. Is Production Higher/Same/Lower compared with a month ago?

A diffusion indicator is then calculated by adding the percentage share of positive responses to half the percentage of those respondents reporting no change. The three questions related to Buying Policy are measured in days and are not diffusion indicators. The Chicago Business Barometer™ and all sub-indicators are then seasonally adjusted. An indicator reading above 50 shows 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.

**Headline indicator:** The Chicago Business Barometer™ is a weighted composite indicator made up of five sub-indicators, namely New Orders, Production, Employment, Order Backlogs and Supplier Deliveries. It is designed to predict future changes in gross domestic product (GDP).

**Other indicators:** The survey also asks companies about changes in their input prices, inventories and lead times to source production materiel, MRO supplies and capital equipment.

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