Media Release

Chicago Business Barometer™ – Drops to 42.9 in January

Key Points – January Report

The Chicago Business Barometer™, produced with MNI, slipped to 42.9 in January, the lowest level since December 2015. After two straight months of gains, the index fell further into contraction, with the three-month average falling to 45.9.

All five major components of the headline index saw a monthly decline, with Order Backlogs leading the way lower, followed by New Orders.

Demand weakened in January, highlighted by New Orders falling 6.1 points to 41.5. Production cooled by 3.8 points to 42.7, the lowest level since July 2019.

Order Backlogs slipped to a four-year low in January, showing the largest monthly fall in both points and percentage terms, leaving the index 10.1* points lower at 34.6. Since March 2019, the indicator has only recorded one reading above the 50-mark.

After December’s uptick, Inventories eased by 5.8* points to 40.2, marking the lowest level since May 2016 and the sixth consecutive sub-50 reading.

Employment remained broadly unchanged with the index decreasing by only 0.2 points to 47.0.

Supplier Deliveries edged down to 53.3 in January and it is the only one among the five major components which remains above the 50-mark.

Prices at the factory gate ticked down by 2.1* points to 56.1, registering a two-month low.

January’s special question asked, “Will the signing of the USMCA agreement improve your supplier lines?”. The majority (50%) expect average growth to be below 5%, while 43.2% see growth between 5% and 10%. Only 6.8% project growth to be above 10%.

*Reflects individual sector rounded monthly change

Chicago Business Barometer™

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Next Release: February 28, 2020

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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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