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Media Release



Chicago Business Barometer™ – Rises to 49.0 in February

Key Points – January Report

The Chicago Business Barometer™, produced with MNI, edged up 6.1 points in February to 49.0, the highest level since August 2019. The index moved closer to the 50-no-change-threshold, shifting the three-month average up to 46.7.

Among the main five indicators, Production and Supplier Deliveries showed the greatest gains, while Employment was the only one to decline.

Production gained 8.3 points to 51.0, hitting an eight-month high. The index shifted back into expansion following seven straight months below 50. Demand for New Orders strengthened in February, rising by 7.6 points to 49.1, the highest level since August 2019.

After dropping to a four-year low in January, Order Backlogs rose slightly to 38.2 in February. However, the index remained in contraction since September 2019.

Inventories rose 7.8 points, reaching a six-month high of 48.1 in February, although recording the seventh sub-50 reading.

Employment slipped to 44.5, slipping 2.4 points to the lowest level since July 2019.

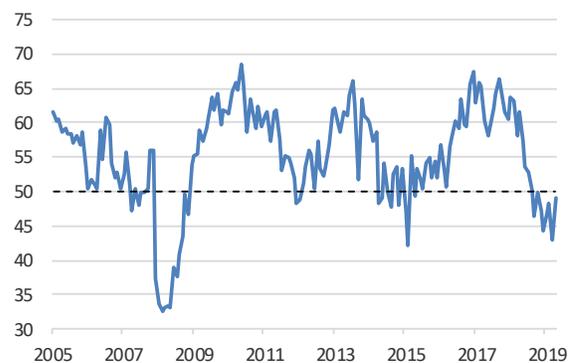
Supplier Deliveries surged up to its highest level since November 2018, rising by 7.9 points to 61.3, with anecdotal evidence that the coronavirus is already leading to supply chain disruptions.

Prices at the factory gate cooled for the second successive month, dipping by 3.2 points to 52.9.

February's special question asked "Will the signing of the Phase 1 deal with China/Epidemic have any impact on your business?" The majority 45.7% reported little impact, while 30.4% noted no impact at all and 23.9%

mentioned a large impact. The second question asked "Have Boeing's ongoing issues had an impact on your business?" The majority, at 91.3%, said they are not affected by Boeing's ongoing issues, while 8.7% are.

Chicago Business Barometer™



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Next Release: March 31, 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.

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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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