

Embargoed until 09:45 A.M. E.T., 30 June 2020

Media Release



Chicago Business Barometer™ – Edged up 36.6 in June

Key Points – June Report

The Chicago Business Barometer™, produced with MNI, rose to 36.6 in June with business activity picking up as Covid-19 related shutdowns eased somewhat. Across Q2, business sentiment slipped 11.8 points to 34.8, hitting the lowest level since Q1 2009.

Among the main five indicators, Production and New Orders saw the largest monthly gains, while Supplier Deliveries and Employment faltered.

Production saw the biggest jump in June, rising by 10.1 points. However, the quarterly index dropped to a series low in Q2. Demand strengthened by 33.8% in June, while the quarterly figure fell to the lowest level in 40 years. In Q2, New Orders revealed the largest q/q fall, sinking 20.1 points.

Order Backlogs gained 5 points in June, shifting the index to a two-month high. On a quarterly basis, the indicator declined to an 11-year low.

Inventories dropped by 24.7% in June after rising above 50 in May for the first time in 10 months.

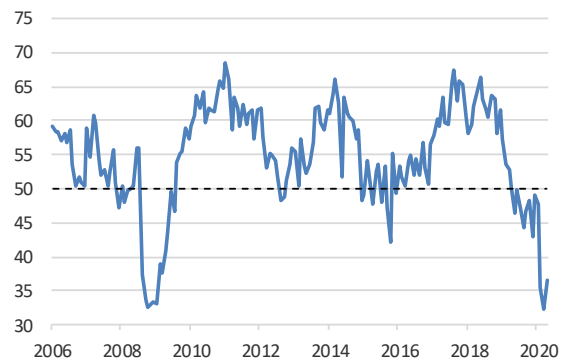
Employment eased 5.1 points in June, marking a twelfth consecutive sub-50 reading. The index also fell on a quarterly basis, slipping by 11.2 points to its lowest level since the global financial crisis.

Supplier Deliveries recorded the second curtailment in a row, as firms continued to mention Covid-19 related delays. While the indicator cooled 10.2% in June, it jumped 22.2% in Q2, marking the highest level since Q1 1979.

Prices paid at the factory gate rose 2.7% in June, while they fell 4.9% on a quarterly basis. Many companies noted the elevated cost for air freight from Asia.

This month's special question asked: "What are your personnel plans for the rest of the year?". The majority (55.8%) plan a hiring freeze, while 23.3% expect to lay off employees. Only 18.6% of respondents projected expanding their workforce.

Chicago Business Barometer™



© 2020 ISM – Chicago, Inc. and MNI Indicators

The Chicago Business Barometer is a trademark of ISM – Chicago, Inc.

Embargoed until 9:45 am. ET, June 30, 2020

Next Release: July 31, 2020

For more information:
MNI Market News International
T: +44-203-865-3812
E: info@mni-indicators.com
@MNIIndicators MNI Indicators

Written and Researched by
Les Commons, Senior Economist
Irene Prihoda, Economist

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.

For more information please contact us at info@mni-indicators.com or visit www.marketnews.com