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Media Release



Chicago Business Barometer™ – Snaps Back to 51.9 in July

Key Points – July Report

The Chicago Business Barometer™, produced with MNI, rose to 51.9 in July, the highest level since May 2019. Business activity recovered following twelve consecutive months of readings below 50. Nevertheless, companies noted continued uncertainty amid the ongoing Covid-19 crisis.

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

Demand increased in July, recovering from the sharp pandemic hit. New Orders jumped 23.8 points to the highest level since August 2019. Production strengthened, rising 49.5%, putting the index back into expansion. While some companies noted recovering orders, others reported continued difficulties due to the Covid-19 effects.

Order Backlogs grew 15.3 points in July, marking a near one-year high. However, the index remains in contraction, where it's been since September 2019.

Inventories gained 6.9 points in July after falling sharply in the previous month.

Even though Employment ticked up 26.0%, there was anecdotal evidence that firms had to lay off staff as a result of the current health crisis. However, others mentioned difficulties in finding new staff.

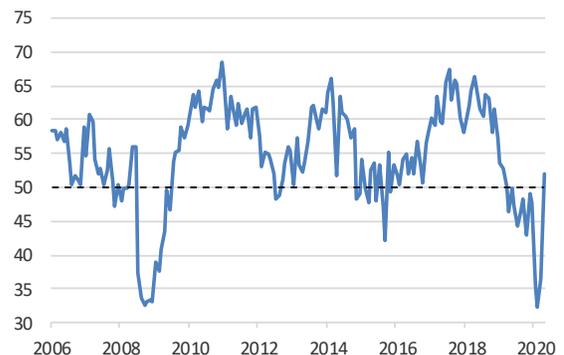
Supplier Deliveries cooled in July, falling 6.4 points to the lowest reading since January 2020.

Prices paid at the factory gate edged higher, gaining 1.7 points, posting a seven-month high.

This month's special question asked: "Have you updated your contingency plans to control a potential

second wave in the future?" The majority, at 51.3%, have planned ahead, while 30.2% have no contingency plans in place. The second question asked: "What is your planned business activity forecast for balance of 2020, by percent?" The majority of 65% of respondents expect growth to be below 5% in 2020.

Chicago Business Barometer™



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Next Release: August 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.

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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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