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Media Release



Chicago Business Barometer™ – Surges to 62.4 in September

Key Points – September Report

The Chicago Business Barometer™, produced with MNI, jumped to 62.4 in September, the highest level since December 2018, as business activity recovered across the board. Through Q3, business sentiment recovered sharply to 55.2, the strongest reading since Q1 2019.

All five main indicators saw monthly gains in September, with Production and New Orders leading the way. On a quarterly basis, Supplier Deliveries was the only category to see a decline.

Production recovered sharply in September, rising by 16.0 points to an almost two-year high. Output jumped 29.2 points on a quarterly basis in Q3, while Demand gained 11.0* points in September, shifting the New Orders index up to the highest level since November 2018. In Q3, New Orders saw the greatest uptick, rising by 32.0 points.

Order Backlogs jumped 14.4% in September, while the quarterly index gained 16.7 points to rise to its highest level since Q1 2019.

Inventories climbed to a four-month high in September, although the indicator has been stuck below the 50-mark since May.

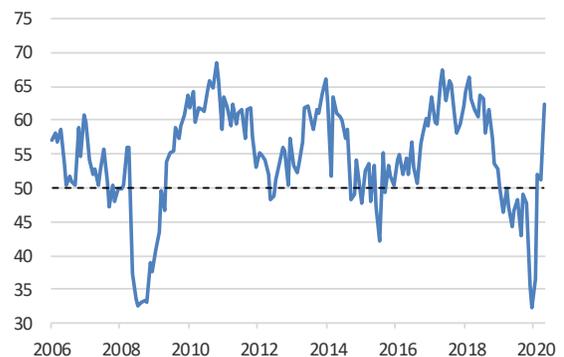
Despite the improvement in Employment, firms continued to mention additional layoffs in September. Across Q3, the sub-index rose 8.1 points.

Supplier Deliveries edged up 2.8 points, while Q3 dropped 9.2 points as Covid-19 related delays declined.

Prices paid at the factory gate leaped 9.7 points. Companies noted increased costs for PPE, cleaning supplies and raw materials.

This month's special question asked: "Have your business costs changed during the crisis?". The majority, at 52.2%, reported an increase in business costs during the pandemic, while only 13.0% saw decreasing costs. Just over a third of respondents noted no changes in their expenses during the crisis.

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

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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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