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Media Release



Chicago Business Barometer™ – Dips to 61.1 in October

Key Points – October Report

The Chicago Business Barometer™, produced with MNI, eased to 61.1 in October, edging lower after a sharp increase in September. However, it still marks the fourth consecutive reading above the 50-mark after sitting below it for a year.

Among the five main indicators, New Orders was the only category to show a monthly uptick, while Production recorded the largest decline.

Demand picked up modestly in October with New Orders rising 0.2 points, its highest level since November 2018. Production saw the largest fall, falling 5.9 points. Anecdotal evidence provided mixed signals, with some firms noting a drop in demand, while others saw a stable level of orders and production or a gradual improvement in business activity.

Order Backlogs eased 2.4 points to a two-month low. The index remains in expansion territory for the second month in a row.

Inventories cooled marginally by 0.2% in October, little changed from the 47.8 recorded in September.

Employment is the only major category to record a sub-50 reading. It backtracked in October with firms noting staff reductions as a result of the pandemic.

Supplier Deliveries eased in October with firms emphasising the impact of the current crisis.

Prices at the factory gate were stable in October, dipping 0.1 points with firms reporting higher prices for wood, steel and chemicals.

This month's special question asked: "Are you planning to make working remotely a permanent option for your employees after the pandemic?". The majority 45.8%

were unsure, 35.6% are not planning to make it a permanent option, while 18.6% support it. The second question asked: "Have you re-evaluated your supply chains, attempting to take China out of the equation?". The majority 47.4% had not re-evaluated their supply chains, while one third of respondents had adjusted their supply chains.

Chicago Business Barometer™



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Next Release: November 30, 2020

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Chicago Business Barometer™ Report – October 2020

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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