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Media Release



Chicago Business Barometer™ – Expanded to 66.3 in March

Key Points – March Report

The Chicago Business Barometer™, produced with MNI, rose to 66.3 in March, the highest level since July 2018. Through Q1 the index gained 4.4 points to 63.2, the strongest reading since Q3 2018.

Among the main five indicators, Production saw the largest gain, while Order Backlogs saw the biggest drop.

Production jumped 10.1 points in March and now stands at a 3-year high, while production increased to 68.4 in Q1, its highest level since Q4 2017. New Orders increased 7.1 points in March, while the quarterly index improved to 61.3 in Q1. Companies were optimistic in March and noted that business is picking up.

Order Backlogs was the only major category to fall in March, down 6 points. However, over Q1 the index rose to 60, its highest level since Q3 2018.

Inventories ticked up 5.1 points in March, leaving the indicator above the 50-mark for a third consecutive month, mainly driven by supply chain issues. Quarterly inventories rose to 53.7 in Q1.

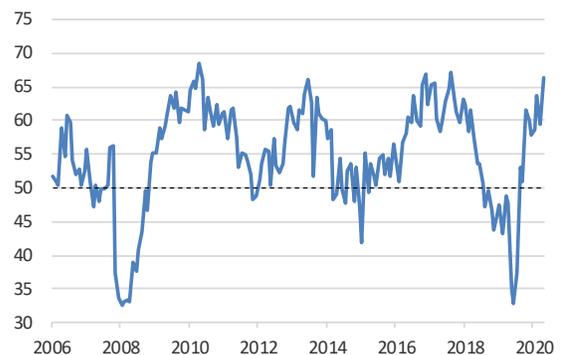
Employment shifted into expansion territory in March, up 5.5 points, the first reading above 50 since June 2019. Employment rose to 49.0 in Q1.

Supplier Deliveries lengthened to a 47-year high in March, surpassing April's recent peak when supply chain issues pushed the index up to 77.5. In Q1 the index rose to 73.8, its highest level since Q2 1974.

Prices paid at the factory gate escalated for the seventh month in a row and the index now stands at the highest since August 2018. Quarterly prices rose to 76.9 in Q1. Anecdotal evidence suggests that prices for steel continued to rise in March.

This month's special question asked, "As the first quarter of 2021 comes to an end, are you planning to amend your inventory position due to any of the following conditions?" The majority, at 67.6%, planned changes to their inventory levels due to supplier lead-times, while 43.2% noted logistical issues as a reason.

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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