

Embargoed until 9:45 A.M. E.T., 31 May 2016

## Media Release

# May Chicago Business Barometer Down 1.1 Points to 49.3

## New Orders, Production and Employment Running Below 50

The MNI Chicago Business Barometer fell 1.1 points to 49.3 in May from 50.4 in April, the lowest level since February and the sixth time it has been in contraction over the past 12 months.

Following the decline in April, the latest results show activity stumbling in the second quarter, following only moderate growth in Q1. Barring a solid revival in June, Q2 could be the weakest outturn since Q4 2015 given the April-May average of just 49.9.

The Barometer's decline was led by a 6.6 point fall in Production and was accompanied by a mild setback in New Orders, with both falling below 50. While these were the only components that fell between April and May, out of the five components which make up the Barometer, four of them were in contraction. Only Supplier Deliveries was above 50.

Production fell to the lowest level since February, while New Orders declined to the lowest since December 2015. In contrast, Order Backlogs bounced back 9.0 points, although failed to recoup all of April's large loss, and remained below 50 for the 16th consecutive month. Employment rose marginally but also remained in contraction where it has been in ten of the past 12 months.

Inventories tumbled by 11.7 points to 37.9 in May, the lowest since November 2009 and the seventh consecutive month in contraction. The weakness in inventories could signify uncertainty about future business growth. Supporting this, a special question posed to the Chicago panel in May showed that 68.7% of respondents did not plan to increase business investment over the next six months.

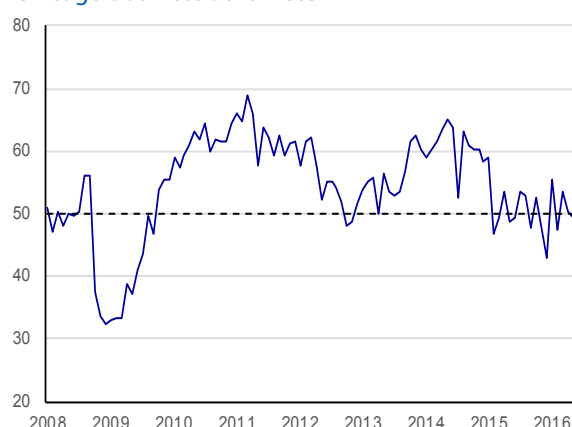
Supplier Deliveries were unchanged on the month following a solid rise in April that left the indicator at the highest since October 2014 and suggesting there

have been some bottlenecks in the supply chain. Time to source production material lengthened to the highest since August 2014 while that for capital equipment was the largest since June 2006.

Prices Paid fell slightly having picked up by more than 10.0 points in April.

Chief Economist of MNI Indicators Philip Uglow said, "While expectations are that growth in the US economy will bounce back in Q2, the evidence from the MNI Chicago Report shows activity weakening from an already low level. Firms ran down stocks at the fastest pace for more than 6 years in May, and while a rebuilding over the coming months could support output, the underlying message appears to be that businesses are not confident about the outlook for growth."

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. The timely reports explore attitudes, perspectives and sentiment across the globe, including China, India and Russia. Alongside MNI Indicators' core focus on consumer and business surveys in emerging markets, MNI Indicators produces the renowned Chicago Business Barometer (Chicago PMI), a key leading indicator of the US economy. MNI Indicators is part of MNI, a leading provider of news and intelligence, a wholly owned subsidiary of Deutsche Börse AG, and one of the largest worldwide exchange organisations.

#### About ISM-Chicago

ISM-Chicago is a non-profit association dedicated to strengthening the community of purchasing and supply management professionals in the Chicagoland area. As an affiliate of the Institute of Supply Management (ISM), the organization is committed to the ongoing professional development of its members and the purchasing and supply management profession through education, research and communication. For more information on becoming a part of ISM-Chicago, call (847) 298-1940.

#### Notes to Editors

Please source all information to MNI Indicators.

The MNI Chicago Report is published by MNI Indicators, part of Deutsche Börse Group, in partnership with the ISM-Chicago.

The MNI Chicago Report is published monthly and contains the Chicago Business Barometer™ and a number of other Business Activity and Buying Policy indicators. The data is seasonally adjusted.

The Chicago Business Barometer™ is a closely watched leading indicator of U.S. economic activity and is based on a survey panel of purchasing/supply-chain professionals, primarily drawn from membership of the Institute for Supply Management-Chicago (ISM-Chicago). The survey panel contains both manufacturing and non-manufacturing firms, many with global operations.

The Chicago Business Barometer™ is a composite diffusion indicator made up of the Production, New Orders, Order Backlogs, Employment and Supplier Deliveries indicators and is designed to predict future changes in gross domestic product (GDP).

An indicator reading above 50 indicates 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.