

Embargoed until 09:45 A.M. E.T., 30 December 2020

Media Release



Chicago Business Barometer™ – Rose to 59.5 in December

Key Points – December Report

The Chicago Business Barometer™, produced with MNI, edged up to 59.5 in December. Through Q4 as a whole, business sentiment recovered further to 59.6, the strongest reading since Q4 2018.

Among the main five indicators, Employment saw the largest monthly gain, followed by Order Backlogs. New Orders recorded the biggest decline.

Demand eased in December as New Orders slipped 2 points, while Production ticked up by 1.1 points as business activity picked up. On a quarterly basis, both New Orders and Production jumped to a 2-year high, pushing the indices up to 61.0 and 61.6, respectively.

Order Backlogs grew 3.6 points in December, second consecutive advancement. In Q4 the index rose to 52.3, lifting the indicator above the 50-mark for the first time since Q1 2019.

Inventories jumped to a seven-month high in December, leaving the quarterly index at 47.6 in Q4.

Employment saw the largest climb in December, rising to a one-year high. Nevertheless, the indicator has now been in contraction territory since July 2019. Quarterly demand for labor progressed to 45.3 in Q4.

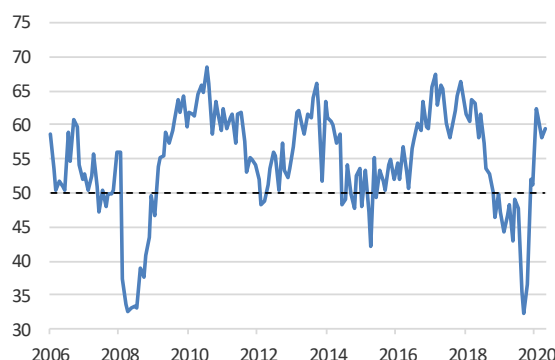
Supplier Deliveries showed little change in December with companies continuously noting delivery delays due to issues with shipping and trucking.

Prices paid at the factory gate expanded 2.2 points, hitting the highest level since September 2018, with firms reporting higher prices for metals. In Q4, the index rose to 71.8, the highest level since Q3 2018.

This month's special question asked, "What is your planned business activity forecast for 2021, by

percent?". The majority (44.9%) sees growth below 5%, while 42.9% expect growth to be between 5% and 10%. The second question asked, "As vaccine(s) roll out over the next few months, have you made plans to adjust your 2021 budget, in which period?". The majority does not know yet if they will adjust their 2021 budget.

Chicago Business Barometer™



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Embargoed until 9:45 am. ET, December 30, 2020

Next Release: January 29, 2021

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Chicago Business Barometer™ Report – December 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

Bloomberg ticker: <CHPMINDX>

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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