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Media Release



Chicago Business Barometer™ – Rose to 48.9 in December

Key Points – December Report

The Chicago Business Barometer™, produced with MNI, rose 2.6 points in December, hitting a four-month high of 48.9.

Business sentiment dropped by 1.2 points to 46.2 in Q4, marking the lowest quarterly reading since Q2 2009. The index was below the 50-mark for the second successive quarter.

Among the main five categories, Supplier Deliveries and Production led the increase, rising to 55.4 and 47.2 respectively.

Production gain 4.9 points to 47.2, hitting the highest level since August. However, demand slowed in December, indicated by a marginal decline to 49.1 in New Orders after November's reading of 49.4.

After dropping to an almost four-year low in October, Order Backlogs picked up in November and increased further in December, leaving the index at a three-month high of 46.2. However, Order Backlogs saw the largest quarterly decline, falling to 41.4.

Inventories remained in contraction for the fifth consecutive month in December. Nevertheless, the index strengthened by 4.4 points to 47.4.

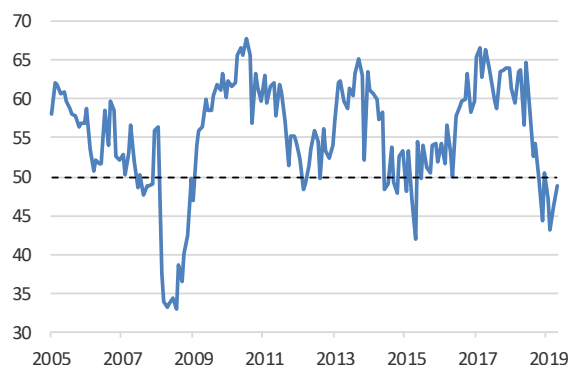
While Employment cooled to 47.4 in December, showing the largest monthly decline, it also scored the biggest quarterly gain, up by 11.1% to 48.9.

Supplier Delivery times increased by 5.1 points to 55.4 and it is the only component among the main five remaining above the 50-mark.

Prices at the factory gate jumped 9.2% to 58.4 in December, hitting the highest level since August.

December's special question asked, "What percent of your firm's 2020 Capital Budget plan is focused on labor productivity?". The majority (50%) are planning less than 5% of their capital budget on labor productivity, while 26.2% will spend more than 5% and 23.8% more than 10%.

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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