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Media Release



## Chicago Business Barometer™ – Slips to 43.2 in October

### Key Points – October Report

The Chicago Business Barometer™, produced with MNI, fell 3.9 points to 43.2 in October, the lowest level since December 2015.

The index slipped further into contraction with a second straight sub-50 reading. The survey points to further weakness in business activity, with the three-month average falling further to 46.9.

Only two of the major components saw a monthly decline, although both New Orders and Order Backlogs fell sharply in October.

While demand weakened significantly in October -- New Orders declined to 37.0, its lowest since March 2009 -- Production bounced up to 46.8, although the indicator has been in contraction since July.

Order Backlogs saw the largest monthly decline, dropping by 13.6 points to 33.1. The index registered below the 50-mark for a second successive month after September's level of 46.8.

Inventories rose to 47.1, marking the strongest reading since August, indicating that companies continued to run down their stock, albeit at a slower pace.

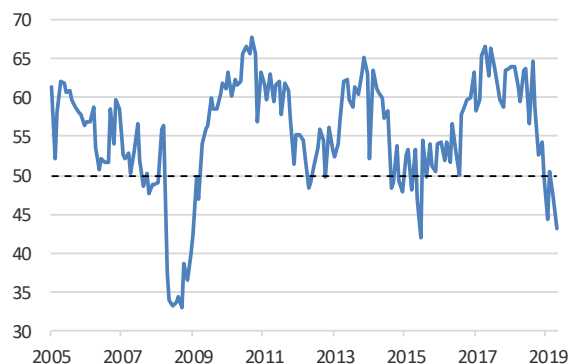
Employment registered a touch below the 50-mark in October, rising by 4.2 points to 49.8.

Prices at the factory gate cooled for the third consecutive month in October, dipping to 54.8. There was anecdotal evidence of lower steel prices, although tariffs offered some upside pressure.

October's special question asked "What impact the latest interest rate cuts by the Federal Reserve have on firm's business?" The majority (51.1%) expect no impact, while 31.1% state a positive effect.

The second question asked "How the government-imposed tariffs will affect their firm's business?" While 56.5% noted a little negative impact, 26% indicated a major negative effect.

### Chicago Business Barometer™



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Next Release: November 27, 2019

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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

**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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