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ISM—Chicago, Inc.

Media Release

Chicago Business Barometer™ – Rebounds to 62.9 in March

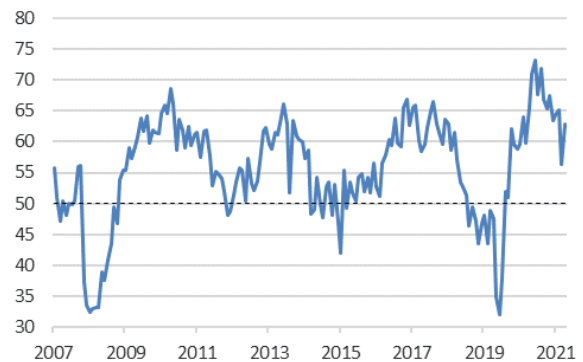
Key Points – March Report

The Chicago Business Barometer™, produced with MNI, recovered to 62.9 in March, after last month's dip to 56.3. Inventories reached levels not seen since 1973.

- All main indicators increased, with Inventories and New Orders seeing the largest boost. Only prices paid declined in March.
- Production improved to 60.0, still below the 12-month average of 62.8, but a substantial 4.6-point recovery over last month. Firms cited modest improvements in material shortages and logistic issues, allowing a production boost.
- Employment increased 4.6 points to 48.1, following February's dip to the lowest since October 2020. Firms saw employment levels improve, although hiring skilled workers remained challenging.
- New Orders picked up to 61.9, up 8.9 points from the February fall, yet still 3.4 points weaker than January.
- Supplier Deliveries rose 3.0 points through March to 78.3, with more firms seeing deliveries slow.
- Order Backlogs inched up 2.5 points to a five-month high of 64.3 as backlogs remained persistently high due to key material and chip shortages.
- Inventories hit a near 50-year high in March, jumping 11.4 points to 68.7, 16.7 points above the 12-month average. Firms stocked up due to ongoing supply chain disruptions, with exports seeing longer delivery times. Some port congestion improvements were noted.
- Prices Paid slipped 0.8 points to a - still elevated - 12-month low of 85.7 in March.
- Increased lead times and capital costs sent the capital equipment subindex to a record high.

This month we again asked firms whether they are seeing any easing up in the supply chain blockages. Just over half of respondents said no, followed by close to 36% seeing some easing. 5% of firm saw definite easing, whilst close to 8% were not affected.

Chicago Business Barometer™



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Chicago Business Barometer™ Report –March 2022

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 U.S. 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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