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Media Release



## Chicago Business Barometer™ – Dipped to 56.4 in April

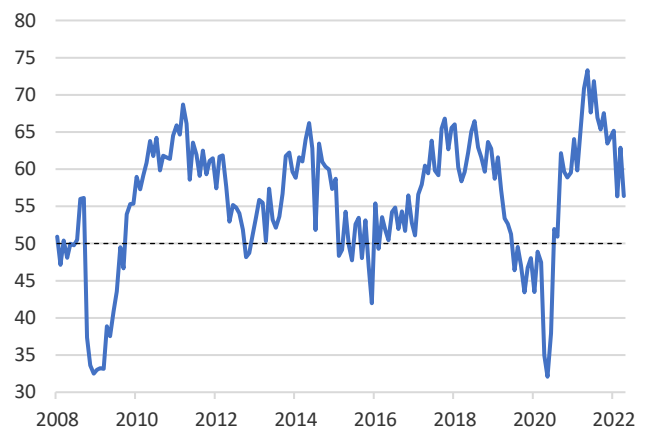
### Key Points – April Report

The Chicago Business Barometer™, produced with MNI, fell to 56.4 in April, reversing last month's gain to 62.9.

- All main indicators decreased except for Prices Paid, with both Production and New Orders now at the lowest level since Summer 2020.
- New Orders saw the largest decline, dropping 10.8 points to 51.1, a post June-2020 low, with almost half of firms seeing no increase.
- Production slumped 9.1 points to 50.9, over 10 points below the 12-month average. Firms cited key part shortages as particularly acute in April, with supply chain delays dragging on production capabilities.
- Order Backlogs slipped 0.9 points to 63.4 remaining persistently high.
- Employment waned 2.6 points to 45.5, following the March recovery to 48.1. Highly competitive labour market conditions continued to make staff retention challenging.
- Supplier Deliveries dipped 3.8 points through April to 74.5, the lowest in 14 months. Half of firms saw slowdowns from March.
- Inventories declined for the first time in three months, down 4.1 points to 64.6, following the near 50-year high in March. Some relief was seen as suppliers began to catch up, allowing firms to build some stock.
- Prices Paid ticked up a modest 0.4 points to 86.1 with over three-quarters of firms citing higher prices this month. The Ukraine war was cited as inflating steel, plastics and lumber costs.

This month we again asked firms whether they have revisited their supply base to map multiple supplier tiers by country and/or alternative suppliers. A total 67.5% said key suppliers only, whilst 17.5% were remapping country-specific suppliers. Approximately 10% were including alternative suppliers, whilst only 5% were revisiting tier two and tier three suppliers.

### Chicago Business Barometer™



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For more information:  
MNI Market News International  
T: +44-203-865-3812  
E: [info@mni-indicators.com](mailto:info@mni-indicators.com)  
@MNIIndicators MNI Indicators

**Written and Researched by**  
Les Commons, Editor  
Lucy Hager, Economist

Chicago Business Barometer™ Report –April 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

**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 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.

For more information please contact us at [info@mni-indicators.com](mailto:info@mni-indicators.com) or visit [www.marketnews.com](http://www.marketnews.com)