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Media Release



## Chicago Business Barometer™ – Jumped to 63.8 in January

### Key Points – January Report

The Chicago Business Barometer™, produced with MNI, rose 5.1 points to 63.8 in January. The index now stands at the highest level since July 2018, boosted by a pick-up in activity at the beginning of 2021.

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

Production surged 9.9 points in January, to the highest level since January 2018. Firms noted an uptick in output compared to December, a month often slower due to the holidays. Demand picked up as well with New Orders surging by 7.9 points to the highest level since November 2018.

Order Backlogs grew for the third consecutive month, gaining 6.9 points to a 23-month high. The indicator has been in expansionary territory since September 2020.

Inventories continued to rise 6.2 points to the highest level since October 2018, showing the first reading above the 50-mark since May.

Employment slipped 4.5 points in January, recording a nineteenth straight reading below the 50-mark.

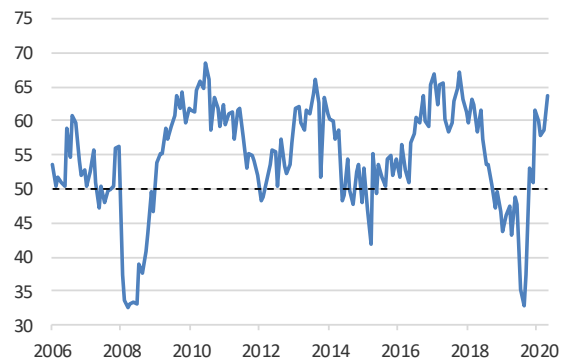
Supplier Deliveries eased slightly, down 0.5 points in January but remain elevated. Anecdotal evidence suggested logistical issues and freight backups leading to delays.

Prices paid at the factory gate increased for the fifth consecutive month, rising 1.7 points in January, to the highest level since September 2018. Manufacturing firms specifically noted higher prices for steel.

This month's special question asked, "How is the recent increase in Covid-19 infection rates affecting your

business?" The majority, at 50%, reported a mild negative impact of the recent increase in Covid-19 cases on business, while 31.8% had no impact on their activity. Just 2.3% of respondents saw a strong positive impact on their business and 15.9% noted a strong negative effect.

### Chicago Business Barometer™



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Chicago Business Barometer™ Report – January 2021

## 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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