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Chicago Business Barometer™- Weakened to 44.3 in January

January Chicago Report™ Signals Contractionary Start to 2023

The Chicago Business Barometer™, produced with MNI, moderated by -0.8 points to 44.3 in January; the fifth consecutive month below 50. This follows a December rebound to signal a softer downturn.

- Production, Supplier Deliveries and Prices Paid increased over the month in January, with Production recording the strongest growth (albeit remaining below 50). All other subindexes weakened, led by a marked drop in Order Backlogs.

- Production recorded an 8.5-point boost in January to 48.6, remaining marginally contractive. Responses continued to flag a slowing economy and prevailing scepticism filtering into weak production levels, alongside harsh winter conditions.

- New Orders softened by -2.7 points to 40.6, after a 12.3 - point jump in December. Muted demand conditions contributed to the slow start to the year, with over 42% of firms recording fewer orders.

- Order Backlogs descended by -19.2 points in January to a June 2020 low of 35.5, this more than reversed the 17.5 gain in December.

- Employment ticked down by -0.6 points to a four-month low of 42.0 in January as one-quarter of firms reported lower employment levels.

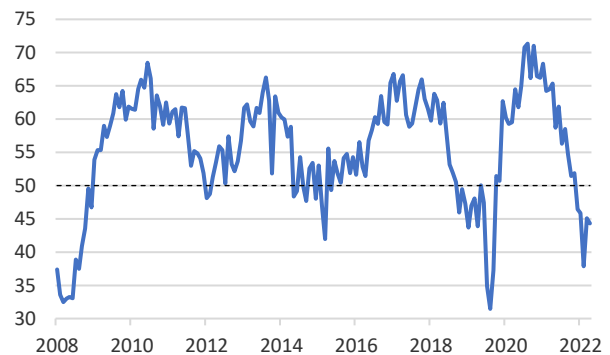
- Supplier Deliveries rose 1.4 points to 54.9 as domestic lead times increased marginally. Certain chemical material shortages remain acute.

- Inventories declined by 4.6 points to 44.9 as firms continued to work down excess inventory built up due to previously severe supply constraints.

- Prices Paid increased in January, accelerating by 7.4 points to 72.5, breaking a five-month streak of loosening prices. Some input prices including steel rose, albeit at a softer pace.

This month's special question asked "With employment costs increasing and growth outlooks weakening, are you considering slowing hiring in upcoming months?" An equal number of respondents (36.1% each) responded "Yes" and "No". 11.1% were expecting to somewhat slow hiring, whilst 16.7% remained unsure.

Chicago Business Barometer™



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Business Activity	Jan-23	12-Month Performance
Business Barometer	44.3	
Production	48.6	
New Orders	40.6	
Order Backlogs	35.5	
Employment	42.0	
Supplier Deliveries	54.9	
Inventories	44.9	
Prices Paid	72.5	

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Next Release: February 28, 2023

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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 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 material, MRO supplies and capital equipment.

For more information please contact us at info@mni-indicators.com or visit www.marketnews.com