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Chicago Business Barometer™- Tumbled to 37.2

November Chicago Report™ Signals Deepening Downturn

The Chicago Business Barometer™, produced with MNI, tumbled a further eight points to 37.2 in November, contracting for a third consecutive month. Excluding the 2020 pandemic shock, this was the lowest reading since the 2008/09 Global Financial Crisis.

- After marginal improvements in October, only Employment and Inventories recorded November upticks. All other indexes saw marked declines. Production, New Orders and Order Backlogs fell further to June 2020 lows. Only Inventories and Prices Paid remained expansionary.

- Production plunged by 9.2 points to 35.9, contracting for the third month running to 17 points below the 12-month average. Low order levels dampened production. Close to 90% of respondents recorded the same or lower production.

- New Orders recorded the lowest sub-index level at 30.7, 8.5 points below the October level. Weak demand conditions saw 46% of firms experience falling orders. Inflation concerns, higher inventories and the slowing housing market were cited as key contributors.

- Order Backlogs experienced the largest decline, receding 11.2 points to 36.1. As new orders weaken further, firms are quickly working through outstanding customer orders.

- Employment ticked up 1.5 points to 47.1, improving for a second month from the brief September dip.

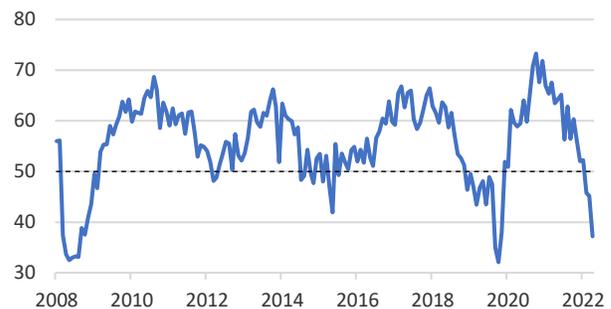
- Inventories grew 2.9 points to 59.8. Anecdotal evidence showed firms were actively looking to normalize levels of stock as orders weaken. Nonetheless, weak demand conditions made it difficult to bring down inventory levels.

- Supplier deliveries declined by 9.4 points to 49.9 in November, nearing pre-pandemic levels as supply pressures eased. Overall lead times remain historically long and transparency issues persist.

- Prices Paid moderated by 8.6 points in November. This is 15.9 points below the 12-month average and signals a continued slowing in prices. Falling freight costs contributed to lower prices paid and further easing is expected in Q1 2023.

We asked firms whether they were passing the higher cost of doing business onto customers. 30% of respondents were able to pass on higher costs, whilst the vast majority (60%) were able to do so only partly. 10% of firms were unable to charge higher prices to account for rising costs.

Chicago Business Barometer™



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Business Activity	Nov-22	12-Month Performance
Business Barometer	37.2	
Production	35.9	
New Orders	30.7	
Order Backlogs	36.1	
Employment	47.1	
Supplier Deliveries	49.9	
Inventories	59.8	
Prices Paid	66.2	

Graph dots represent Period High and Low

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Next Release: December 30, 2022

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Chicago Business Barometer™ Report – November 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.

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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