

Media Release embargoed until 09:45 A.M. EST, 28<sup>th</sup> February 2023

## Chicago Business Barometer™- Weakened to 43.6 in February

### Month Chicago Report Signals Continued Contraction

The Chicago Business Barometer™, produced with MNI, declined by a further 0.7 points in February to 43.6, the lowest since November '22. The headline index signalled a sixth consecutive month of contractionary business activity.

Production, Employment and Prices Paid indicators declined over the month in February, with Production recording the steepest deterioration. New Orders, Order Backlogs, and Supplier Deliveries increased, whilst the Inventories subcomponent was little changed. All indicators barring Supplier Deliveries and Prices Paid were in contractive territory (sub-50).

Employment weakened for a third month, slipping a further -4.7 points into contractive territory. This was the weakest since June '20 and outside of the April-June 2020 period the weakest since 2009. Recruiting was challenging as firms struggled to find personnel. Over one-third of firms recorded lower February employment.

Prices Paid sank -7.2 points, returning to late 2022 levels after having briefly surged in January. Around 39% of firms paid higher prices in February, slowing from 54% in January.

Production fell by 10.2 points in February, more than reversing last month's rebound. Approximately 40% of businesses flagged slowing activity.

New Orders increased by 3.0 points. Despite being the highest since August '22, the index remains contractive, signalling a ninth successive month of declining orders. Firms noted improved supply of key components boosting orders.

Order Backlogs grew by 4.5 points to 40.0 after diving 19.2 points in January as easing supply chain pressures allowed for significant backlog catch-up.

Supplier Deliveries gained 3.6 points in February. Logistics issues persisted and deliveries took largely the same time as the month prior.

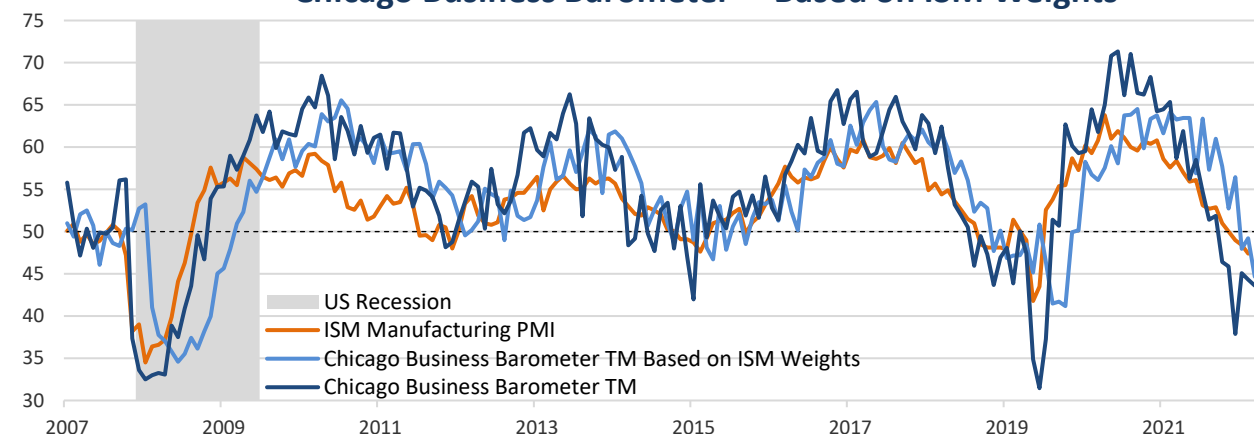
The inventories subcomponent was little changed, after having declined into year-end. Supplier issues were again cited as grounds for higher stock levels.

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For more details on the Chicago Business Barometer™, including the subindices and historical data, please contact [sales@marketnews.com](mailto:sales@marketnews.com)

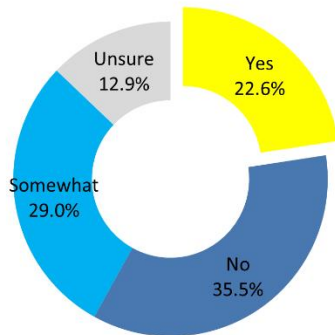
### Chicago Business Barometer™ Based on ISM Weights



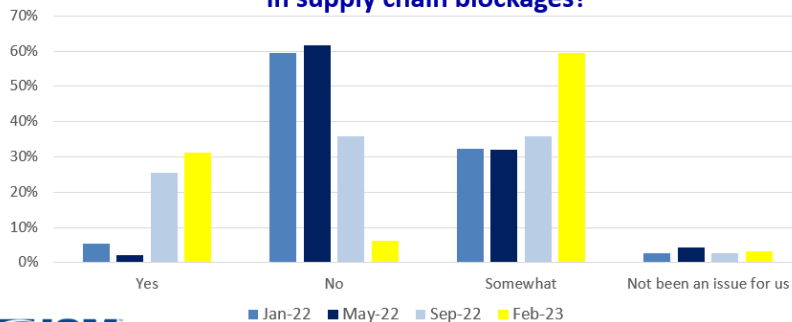
Chicago Business Barometer™ Report – February 2023

## Special Questions in February

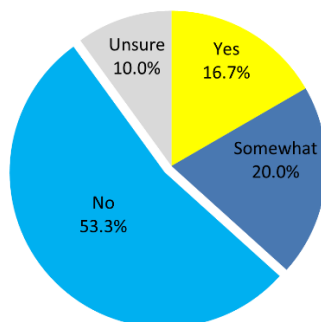
**As labor markets remain tight, have you reconsidered looking at automation / artificial intelligence / digital technology in 2023?**



**Are you seeing any easing up in supply chain blockages?**



**New orders have been volatile (and largely lower in recent months)- but have there been signs of an increase in orders recently?**



## 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 material, MRO supplies and capital equipment.

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