

Embargoed until 09:45 A.M. E.T., 28 May 2021

Media Release



## Chicago Business Barometer™ – Pushed On To 75.2 in May

### Key Points – May Report

The Chicago Business Barometer™, produced with MNI, jumped to 75.2 in May, the highest level since November 1973. Demand provided a boost to business activity, but supply chain constraints remain.

Among the main five indicators, New Orders and Order Backlogs saw the largest gains, while Employment recorded the only decline.

Demand remained strong in May with New Orders jumping to the highest level since December 1983. The index gained 7.7 points in May, while Production slowed 2.3 points. Anecdotal evidence signals strong consumer demand, partly due to the fear of raw material unavailability.

Order Backlogs jumped 7.5 points, hitting a 70-year high. Firms noted logistical issues and personnel shortages which are driving backlogs.

Inventories dropped to a 9-month low, the second successive reading below the 50-mark.

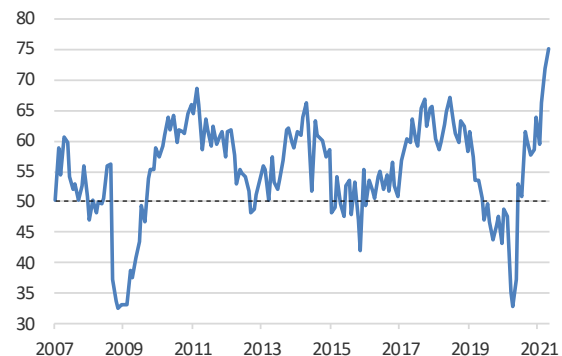
May saw Employment slip back into contraction territory, following two months of readings above 50. The indicator declined 6.5 points and firms indicated difficulties finding new staff.

Supplier Deliveries rose 5.9 points to a 47-year high in May with supply chain constraints remaining a serious problem. Companies continuously noted delivery delays due to transportation issues and material shortages.

Prices paid at the factory gate fell 3.1 points in May, down from April's 41-year high. However, several respondents said prices for commodities, such as steel, plastics, copper, or electronic components rose further.

This month's special question asked, "Considering the global shortage of computer chips, do you have contingency plans?" While the majority of 46.2% do not use the product, 28.2% have no plans in place. The second question asked about tensions due to the increase in global logistics and component shortages, with the majority is looking to mitigate the risks.

### Chicago Business Barometer™



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Embargoed until 9:45 am. ET, May 28, 2021  
Next Release: June 30, 2021

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Chicago Business Barometer™ Report – May 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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