

Chicago Business Barometer Rebounded in June

The Chicago Business Barometer rebounded in June to 39.9, jumping 5.0 points and nearly erasing the May decline. All component indices increased while increases for both new orders and order backlog signal a slowing in the pace of decline. Although this report is generally positive, the numbers still signal contraction in economic activity.

Orders Indices Encouraging

- The new orders index increased 4.3 points to 41.6 and the order backlog index jumped a staggering 11.3 points to 37.6. The jumps in the orders indices signal a slowing in the pace of decline for demand.
- The employment index, which we use in our recession probability model, increased 3.9 points to 28.9. This is generally a sign of potential improvement for the economy.

Prices Paid Index Moved Higher for a Second Month

- The prices paid index moved higher to 36.3, jumping by 6.5 points. The increase can be partially attributed to higher oil prices, which may trend lower after the summer is over.
- Echoing other optimistic regional surveys, the Philadelphia Fed and the Richmond Fed surveys, the Chicago Business Barometer hints at a possible increase in the June ISM Manufacturing Index number to be released tomorrow.

