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Chicago Survey

The headline Chicago Purchasing Managers Survey index falls a bit more than expected, losing 2.0 points to land at 58.4(Consensus: -1.4 points; Decision Economics: +0.1 point).

The move reflected, among the components weighted into the headline index, a damaging loss of 4.0 points, to 61.3, in the new orders index--though that number had jumped 8.4 points last month--and a 0.5-point decline, to 63.4, in the production index. Up in the month were employment (+1.7 points, to 62.3, following on an 8.5-point jump last time), backlogs (+5.8 points, to 51.2, after a 4.2-point drop) and the vendor delivery index (+3.9 points, to 55.8, after an 8.6-point drop last time).

Among those changes, the most significant were in the orders and employment numbers--with the order decline clearly a negative, but mitigated by the circumstance of the big prior-month jump, and the employment gain a clear positive, suggesting that managers are comfortable with the business outlook. The gain in backlogs, despite the easing in orders, would explain part of that.

The overall message of the survey remains broadly positive--and not atypical of a bumpy, uncertain, manufacturing re-acceleration. Odds are, forecasts for the all-important national ISM survey will not change--with Chicago activity still healthy enough to be a bulwark in sustaining the level of the index, and other, more dynamic regions still having potential to nudge it upward.

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