

EMBARGOED

FOR RELEASE:

June 30 2011

8:45 am US Central Time

the CHICAGO Report

Institute for Supply Management – Chicago

2011

June

CHICAGO BUSINESS BAROMETER™ REBOUNDED

The Chicago Purchasing Managers reported the CHICAGO BUSINESS BAROMETER rebounded in June and posted a twenty-first month of growth.

BUSINESS ACTIVITY:

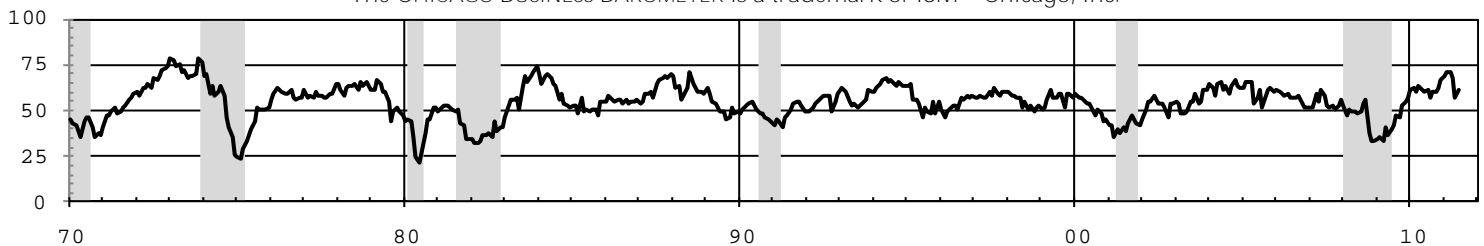
- PRODUCTION and NEW ORDERS accelerated to mark nearly two years of expansion while their three-month averages declined;
- ORDER BACKLOGS diverged from improvements in PRODUCTION and NEW ORDERS;
- Breadth of inflation reported in PRICES PAID eased for a third month.

BUYING POLICY:

- Lead times reported for CAPITAL EQUIPMENT lengthened to a level not seen since June 2006.

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Notes: Recessions are indicated by gray bars. Readings in red (below) indicate values worse than the prior month.

Business Barometer		2011					
3 month average	↓	Jan	Feb	Mar	Apr	May	Jun
Index		62.4	65.6	70.8	70.9	59.7	62.7
Seasonally Adjusted		68.8	71.2	70.6	67.6	56.6	61.1

Production		2011					
3 month average	↓	Jan	Feb	Mar	Apr	May	Jun
Higher		43	53	61	62	42	46
Same		47	36	28	32	42	41
Lower		10	11	11	6	16	13
Index		66.5	71.0	75.0	78.0	63.0	66.5
Seasonally Adjusted		73.7	78.2	74.2	70.0	56.0	66.9
Regained pace of growth							

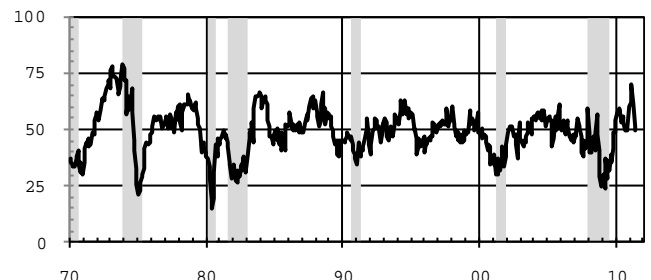
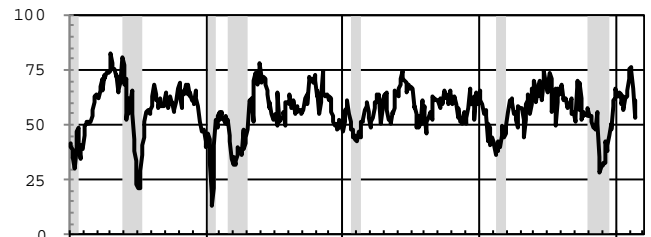
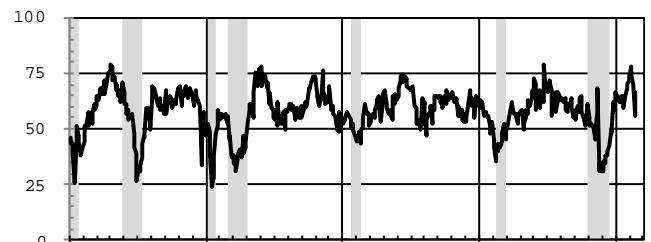
New Orders		2011					
3 month average	↓	Jan	Feb	Mar	Apr	May	Jun
More		42	51	61	58	40	49
Same		45	35	30	30	37	28
Fewer		13	14	9	12	23	23
Index		64.5	68.5	76.0	73.0	58.5	63.0
Seasonally Adjusted		75.7	75.9	74.5	66.3	53.5	61.2
Mirrored Production							

Order Backlogs		2011					
3 month average	↓	Jan	Feb	Mar	Apr	May	Jun
Larger		27	31	46	44	29	34
Same		56	53	41	40	49	41
Smaller		17	16	13	16	22	25
Index		55.0	57.5	66.5	64.0	53.5	54.5
Seasonally Adjusted		60.6	61.8	69.6	62.4	51.7	49.3
Dropped below neutral for the first time since Sept 2010							

Next Release:

July 29, 2011

8:45 am US Central Time

**NOTICE:**

No warranty, express or implied, is attached to these figures or their use. While the figures are compiled with professional care, no representations about appropriateness, accuracy, or suitability for specific applications are made.

Inventories		2011					
3 month average	↓	Jan	Feb	Mar	Apr	May	Jun
Larger		27	33	39	26	45	25
Same		53	55	43	57	36	55
Smaller		20	12	18	17	19	20
Index		53.5	60.5	60.5	54.5	63.0	52.5
Seasonally Adjusted		54.5	60.2	60.5	53.5	61.6	46.9
Precipitous decline							

Employment		2011					
3 month average	↓	Jan	Feb	Mar	Apr	May	Jun
More		29	30	39	33	37	33
Same		61	55	49	59	50	52
Fewer		10	15	12	8	13	15
Index		59.5	57.5	63.5	62.5	62.0	59.0
Seasonally Adjusted		64.1	59.8	65.6	63.7	60.8	58.7
Slight slide							

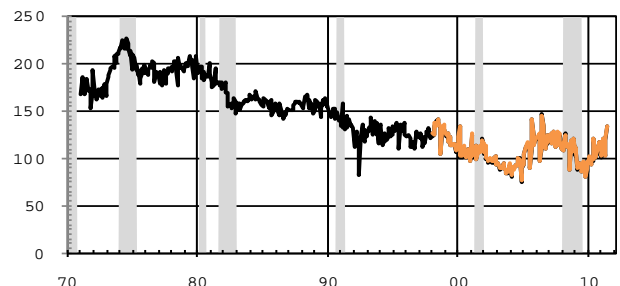
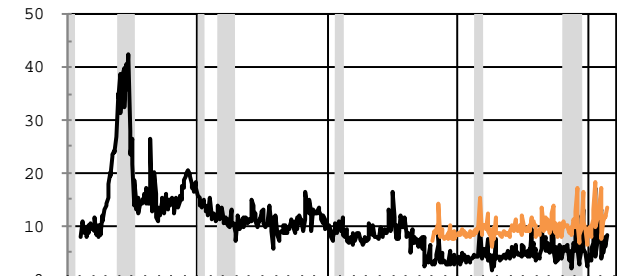
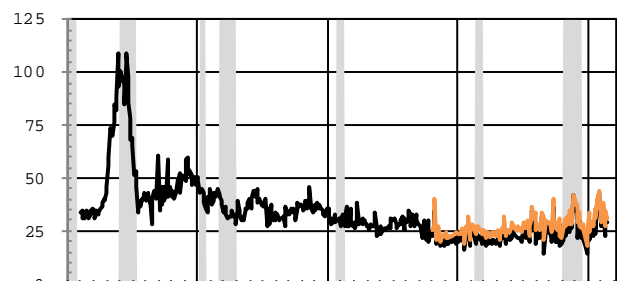
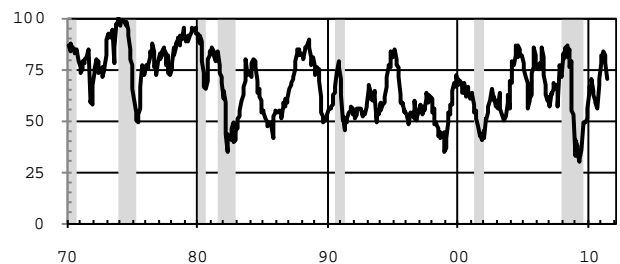
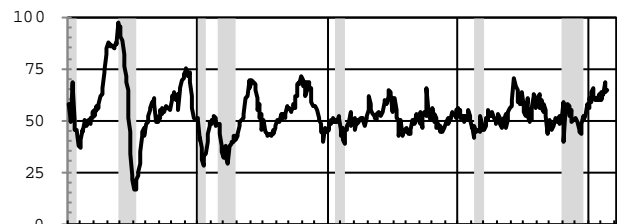
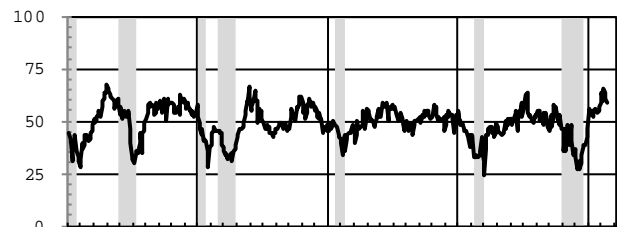
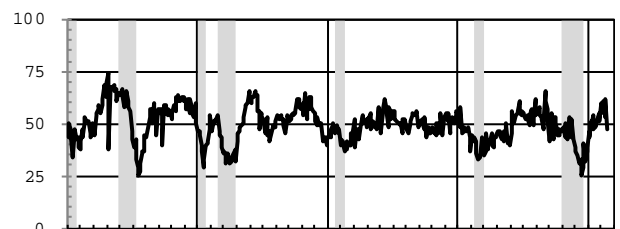
Supplier Deliveries		2011					
3 month average	↑	Jan	Feb	Mar	Apr	May	Jun
Faster		5	4	8	2	3	2
Same		70	66	62	63	71	64
Slower		25	30	30	35	26	34
Index		60.0	63.0	61.0	66.5	61.5	66.0
Seasonally Adjusted		59.8	64.1	62.7	68.4	63.8	64.8
Continued strong							

Prices Paid		2011					
3 month average	↓	Jan	Feb	Mar	Apr	May	Jun
Higher		56	60	70	65	66	54
Same		42	38	27	34	32	41
Lower		2	2	3	1	2	5
Index		77.0	79.0	83.5	82.0	82.0	74.5
Seasonally Adjusted		81.7	81.2	83.4	81.8	78.6	70.5
Expanded at a slower rate							

BUYING POLICY: "How far in advance must you buy, to have when needed?"							
Production Materiel		2011					
3 month average	↓	Jan	Feb	Mar	Apr	May	Jun
fewer than 11 days		29	29	32	33	36	25
11-15 days		14	14	11	16	10	18
16-30 days		24	24	25	20	20	18
31-60 days		15	20	19	21	24	26
more than 60 days		18	13	13	10	10	13
Average Days		33.8	35.3	33.5	31.7	32.6	34.3
Seasonally Adjusted		32.1	34.4	37.8	27.4	34.3	31.3
3-month average declined							

M.R.O. Supplies		2011					
3 month average	↑	Jan	Feb	Mar	Apr	May	Jun
0-1 day		13	7	14	11	8	10
2-3 days		25	26	17	21	27	22
4-5 days		13	16	26	17	17	18
6-10 days		24	17	16	21	19	14
more than 10 days		25	34	27	30	29	36
Average Days		9.2	11.1	10.6	14.0	9.9	14.0
Seasonally Adjusted		7.5	11.0	10.8	11.8	11.6	13.6
Nudged upward							

Capital Equipment		2011					
3 month average	↑	Jan	Feb	Mar	Apr	May	Jun
0-15 days		12	3	5	6	3	1
16-30 days		5	15	12	12	14	6
31-60 days		22	19	15	20	14	19
61-90 days		30	27	30	29	32	36
More than 90 days		31	36	38	33	37	38
Average Days		105.6	114.8	119.3	109.6	118.3	124.0
Seasonally Adjusted		103.2	111.1	120.6	102.4	120.8	135.0
Longest lead times since June 2006							



FROM THE SOURCE

an occasional feature

General Comments from Members of the Survey Panel

Each month, the survey panelists have the opportunity to add comments to clarify the reported activity of their organization. As appropriate, the report includes comments selected for their insight. No attempt is made to ensure that the nature of the comments represents the survey panel as a whole. Corrections to minor issues such as typographical errors, that do not impact interpretation, may have been made.

1. **"Material availability still tight, though much better than the last few months. Prices are on the upswing. No coincidence, I am sure. The dearth of available raw goods is still [our] foremost concern as it stifles our ability to grow the business though, the competition also suffers from the same problems. I am not certain that this is necessarily a good thing as widespread stifled growth will weigh heavily upon an already weak economy and we all know what happens when you overload an old tired mule."**
2. **"Material inflation, Steel and Aluminum, still impacting cost. Weak housing and commercial construction hurting overall business."**
3. **"Producing ahead to avoid know future contract price increases. Chemicals market still shows volatility with no end in sight."**
4. **"Paper and film lead times growing."**
5. **"Incoming orders have definitely slowed down. Several orders we expected to see are currently on hold. Hopefully something will break or the 4th quarter is going to look sad."**
6. **"It looks as if manufacturing is showing signs of slowing down."**
7. **"There may be a little softening coming but its too early to tell."**
8. **"This actually is our slow time of year. From Middle of April through Middle of August is our slowest time of year. We always see a huge spike in orders and shipments to customers starting late August through March of the following year."**
9. **"Suppliers continue to have trouble finding skilled workers. The recession, the "recovery," and the disappearance of industrial arts in our schools seem to have diminished a formerly strong labor pool."**