

## **Datanote: US Chicago PMI, March**

**In one line: Disappointing but not definitive.**

- The Chicago PMI dropped to 41.4 in March, from 44.0, well below the consensus, 46.0.

The tumble in the Chicago PMI is the fourth consecutive monthly decline and takes the index to its lowest level in almost a year. This

says relatively little about the national picture, however, given the limited geographical coverage of the survey, and it is possible that that recent issues at Boeing are weighing on sentiment in the Chicago region. The Chicago PMI covers both manufacturing and non-manufacturing companies, but its relationship with the national ISM manufacturing surveys has weakened over the past year or so, and monthly changes in the two indices have had a correlation of essentially zero over the past few years. Monthly shifts

in the Chicago PMI also tell us little about the likely change in the ISM services index. Admittedly, the Fed's regional manufacturing and services surveys for March have also generally softened a bit, but they have not been a particularly reliable guide to trends in the national surveys either. Our best guess is that next Monday's ISM manufacturing report will show a modest gain in the headline index in March, following the S&P Global Manufacturing PMI higher.

— Chicago PMI (Left)  
— ISM manufacturing (Right)

