

**CHICAGO BUSINESS ACTIVITY INDEX**

**CBAI increased in February**

The Chicago Business Activity Index (CBAI) was 0.06 in February 2005. This was mainly attributed to the increase of construction and manufacturing production. Considering that the CBAI leads the local business cycle and positive values of this index are associated with above-trend growth, the Chicago economy likely continues on a strong expansion path.

In February, the national economy presented a bright feature. The coincident index of the Conference Board increased 0.4 percent. Construction and retail sales were up 7.3 percent and 0.4 percent, respectively. And non-manufacturing employment and manufacturing employment rose 0.2 percent and 0.1 percent, respectively.

The economic performance in Chicago showed several favorable features in February. Construction and the Chicago Fed Midwest manufacturing production increased 8.3 percent and 1.4 percent, respectively. Further, retail sales and non-manufacturing employment rose 0.9 percent and 0.1 percent, respectively. However, manufacturing employment declined 0.2 percent.

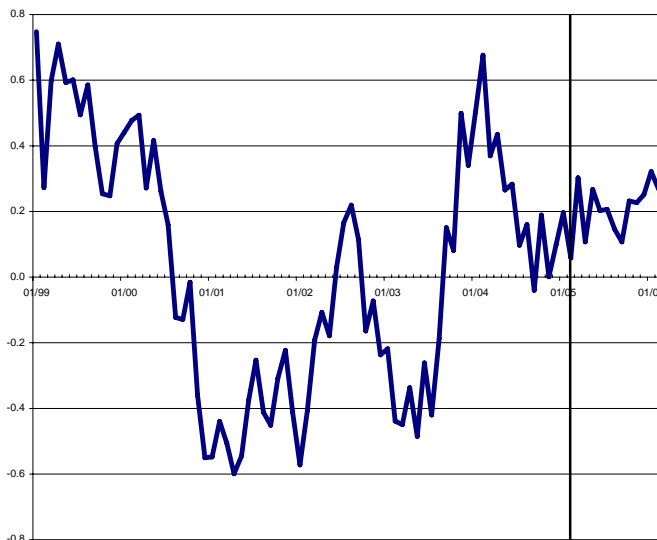
Both the national economy and regional economy are expected to continue on an economic expansion. Even though the consumer confidence index of the Conference Board in March dipped slightly to 102.4 from 104.4, consumers still show confidence in the outlook for the labor market. The Conference Board's leading index in February increased 0.1 percent, which suggests that the upward trend has not ended, but the economy has been expanding more slowly than its long-term average rate. For the local economy, considering the favorable national economic conditions, the Chicago region is also expected to continue on an expansion trend. However, Chicago's relative employment loss compared with the nation as a whole in February generates concern on whether the region's economy can fully share the benefit with the rest of the nation.

**Chicago Business Activity Index**

*Release Date:*  
*April 15, 2005*

*Next Release Date:*  
*May 16, 2005*

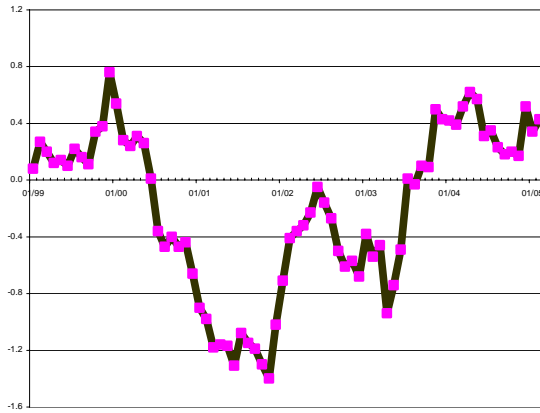
Visit our web-site at  
[www.uiuc.edu/unit/real](http://www.uiuc.edu/unit/real)



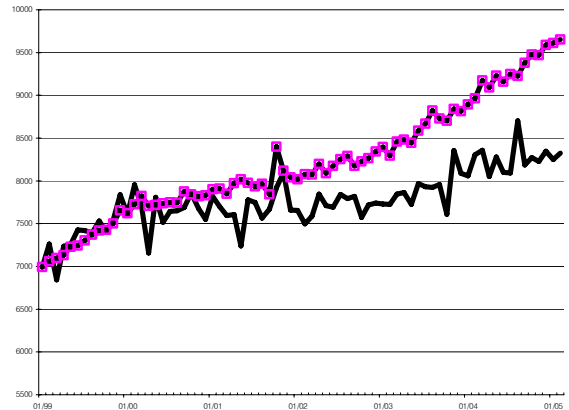
CBAI (Current: 0.059)			
	1 month	3 month	1 year
Historical (ago)	0.196	0.001	0.676
Forecast (ahead)	0.303	0.267	0.267

# Chicago Business Activity Index

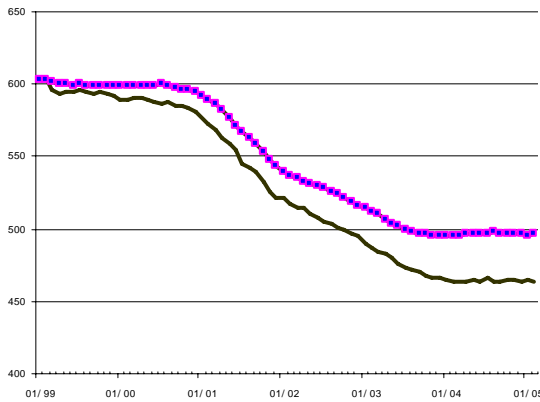
Chicago Fed National Activity Index (CFNAI-MA3)



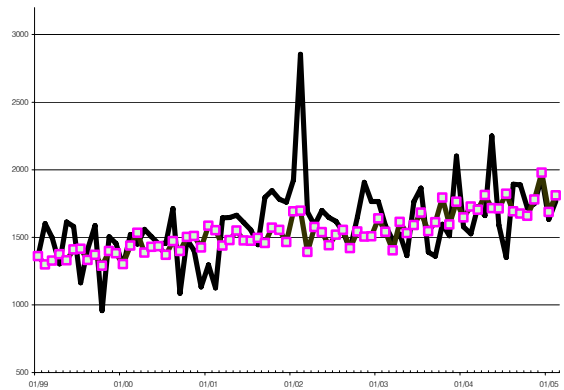
Chicago & National Retail Sales



Chicago & National Manufacturing Employment

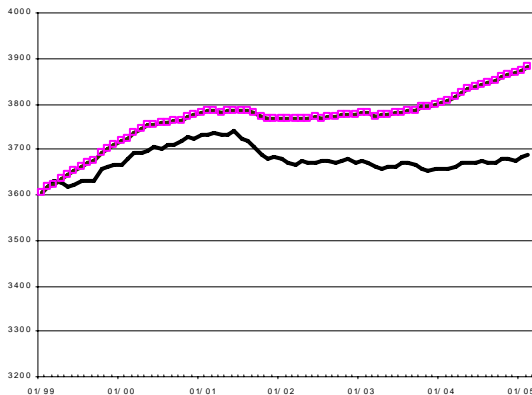


Illinois & National Construction



\* Black lines show Chicago indicators.  
National indicators are rescaled for comparison.

Chicago & National Non-manufacturing Employment



## Economic Activity: Summary

Percentage change compared to the previous period

Months ago	National			Chicago		
	12	3	1	12	3	1
Mfgn	0.29	-0.10	0.10	-0.07	-0.32	-0.16
NMfgn	1.99	0.46	0.19	0.84	0.26	0.10
Cons	4.83	1.77	7.29	15.88	1.16	8.27
Retail	7.68	1.96	0.43	0.22	1.19	0.91

Note: All series are seasonally adjusted.

The Chicago Business Activity Index (CBAI) is a monthly statistic that measures the changes in the business cycle status of the six-county Chicago region. The CBAI leads the local business cycle by three-to-four months. REAL's approach to constructing this index, using the principle components regression method, directs attention to the relationship between local and national business cycle.

REGIONAL | ECONOMICS | APPLICATIONS | LABORATORY

For more information please contact:  
Sang Gyoo Yoon, Research Associate  
T. 217/244-7226; sangyoon@uiuc.edu

University of Illinois  
220 Davenport Hall, 607 S. Mathews Ave.  
Urbana, IL 61801-3671, www.uiuc.edu/unit/real