

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in March

The Chicago Business Activity Index (CBAI) was 0.26 in March, the fourth consecutive positive reading since December 2004. This was mainly attributed to the increase of construction and non-manufacturing employment. 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 an expansion path.

In March, the national economy presented several favorable features. The coincident index of the Conference Board increased 0.2 percent. Construction, retail sales and non-manufacturing employment were up 0.7 percent, 0.4 percent and 0.1 percent, respectively. However, manufacturing employment decreased 0.1 percent.

The economic performance in Chicago was mixed in March. Construction and non-manufacturing employment increased 14.9 percent and 0.2 percent, respectively. However, the Chicago Fed Midwest manufacturing production, retail sales and manufacturing employment decreased 1.4 percent, 1.3 percent and 0.1 percent, respectively.

The national economy and regional economy seems to suggest a temporary slowdown. The leading index of the Conference Board fell 0.4 percent following a small increase in February. Its consumer confidence index in April dipped slightly to 97.7 from 103.0 for the third consecutive month, amid deepening concerns about the outlook for jobs and income growth. However, April's 274,000 job gains suggest that companies are optimistic about the economy's prospects despite expensive energy bills. For the local economy, the Chicago region is also expected to take a short breath. However, Chicago's corresponding employment increase with the nation as a whole in March suggests that the region's economy can fully share the benefit from the future rebound and ride on an expansion trend with the rest of the nation.

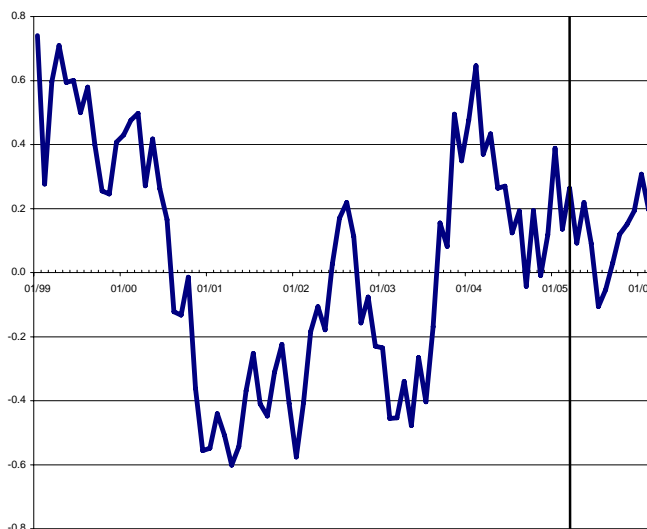
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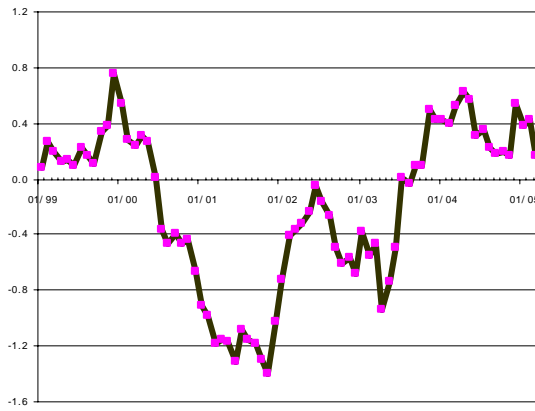
CBAI (Current: 0.264)			
	1 month	3 month	1 year
Historical (ago)	0.136	0.118	0.370
Forecast (ahead)	0.092	0.092	0.193

Chicago Business Activity Index

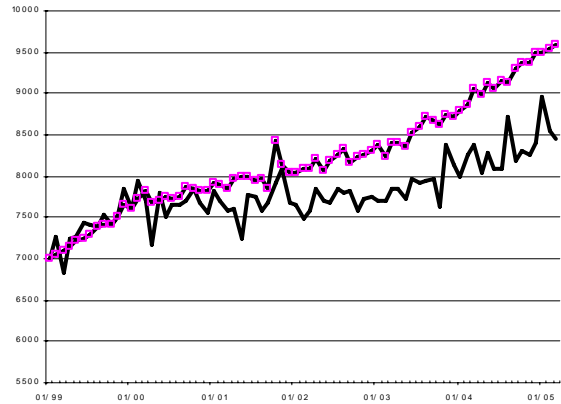


Chicago Business Activity Index

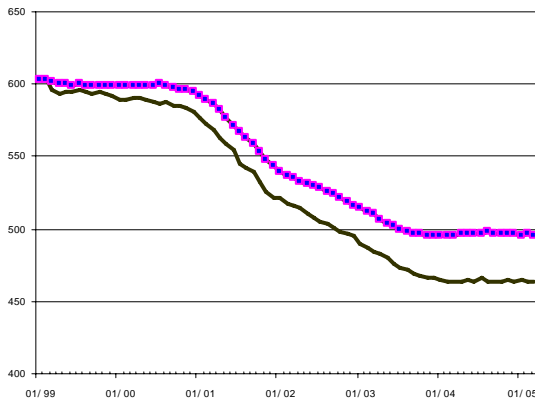
Chicago Fed National Activity Index (CFNAI-M A3)



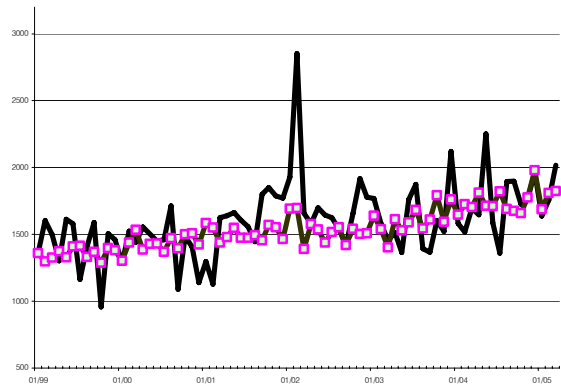
Chicago & National Retail Sales



Chicago & National Manufacturing Employment

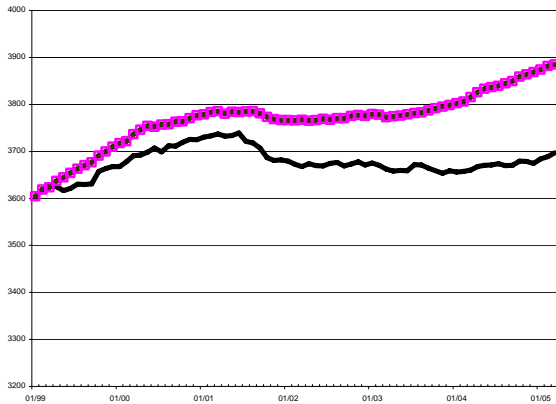


Illinois & National Construction



* 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	0.16	-0.14	-0.06	-0.18	-0.17	-0.12
NMfgn	1.82	0.42	0.10	1.00	0.61	0.23
Cons	7.01	-7.86	0.74	19.13	2.58	14.87
Retail	5.84	0.85	0.37	0.78	0.41	-1.28

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.

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