

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in May

The Chicago Business Activity Index (CBAI) was 0.361 in May, the tenth consecutive positive reading since August 2005. This was mainly attributed to the favorable conditions of retail sales, 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 will continue to grow. However, The CBAI prediction suggests that the Chicago economy will grow at a more moderate rate in the next 12 months.

In May, the national economy presented mixed features. The coincident index of the Conference Board increased 0.1 percent, continuing to increase steadily as it has since September 2005. Construction and manufacturing employment decreased 3.0 percent and 0.1 percent, respectively, while retail sales and non-manufacturing employment held constant.

The economic performance in Chicago also showed a mixed feature in May. Even though non-manufacturing employment rose 0.4 percent, manufacturing employment and the Chicago Fed Midwest manufacturing production fell 0.6 percent and 0.2 percent, respectively.

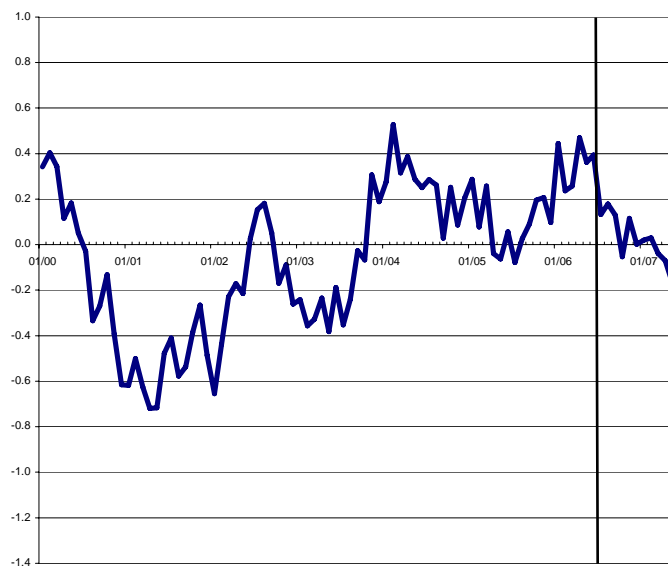
The national economy and regional economy are expected to show relatively slow growth. The leading index of the Conference Board in May decreased 0.6 percent, the third decline in the last six months. Also, the national economy only created 121,000 jobs in June, which is far weaker than expected. For the local economy, the Chicago region seems to sustain a positive economic growth performance. However, considering the increased concern about the national economic performance, the leading economic indicators including CBAI suggest moderating economic growth.

Chicago Business Activity Index

Release Date:
July 22, 2006

Next Release Date:
August .15, 2006

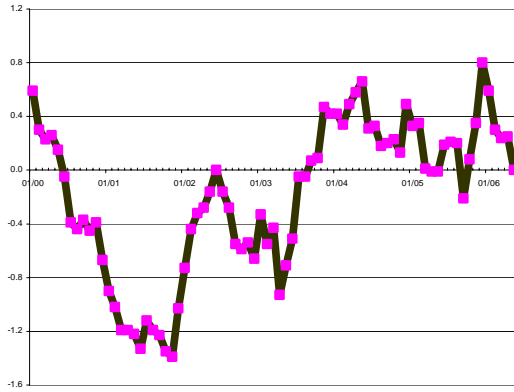
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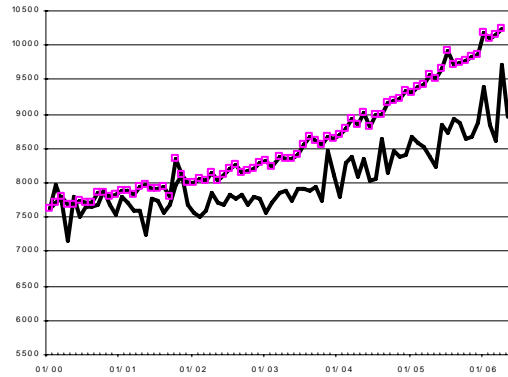
CBAI (Current: 0.361)			
	1 month	3 month	1 year
Historical (ago)	0.470	0.236	-0.063
Forecast (ahead)	0.394	0.180	-0.171

Chicago Business Activity Index

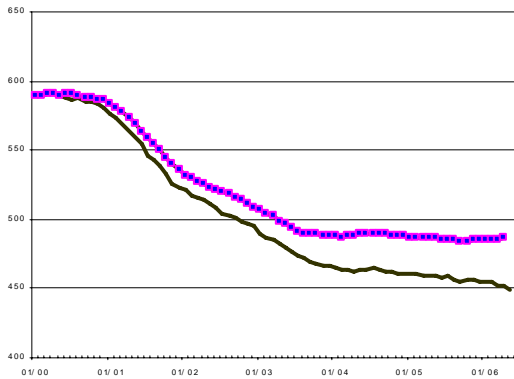
Chicago Fed National Activity Index (CFNAI-MA3)



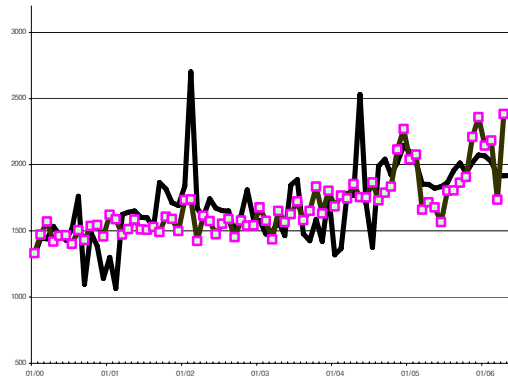
Chicago & National Retail Sales



Chicago & National Manufacturing Employment

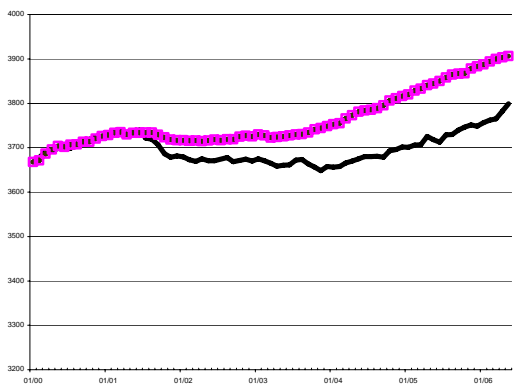


Illinois & National Construction



* 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	-0.15	0.03	-0.10	-2.03	-1.15	-0.60
NMfgn	1.61	0.31	0.07	2.16	0.97	0.43
Cons	37.90	5.94	-2.98	5.33	-5.15	0.06
Retail	7.50	1.52	0.08	8.84	1.35	-7.75

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

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