

CHICAGO BUSINESS ACTIVITY INDEX

CBAI fell in March

The Chicago Business Activity Index (CBAI) was -0.270 in March, the sixth consecutive negative reading since October 2006. This was mainly attributed to the negative contribution in the construction and manufacturing production. Considering that the CBAI leads the local business cycle and negative values of this index are associated with below-trend growth, the Chicago economy likely continues to be on a downward trend. The CBAI prediction also suggests that the Chicago economy will remain weak over the next 12 months.

In March, the national economy showed some positive features. The Chicago Fed National Activity Index was 0.01, up from -0.11 in February. The coincident index of the Conference Board increased 0.1 percent. The construction increased 0.7 percent and the retail sales increased 0.5 percent.

The economic performance in Chicago presented mixed features in March. The retail sales increased 0.8 percent. However, construction decreased 0.5 percent and the manufacturing employment decreased 0.2 percent.

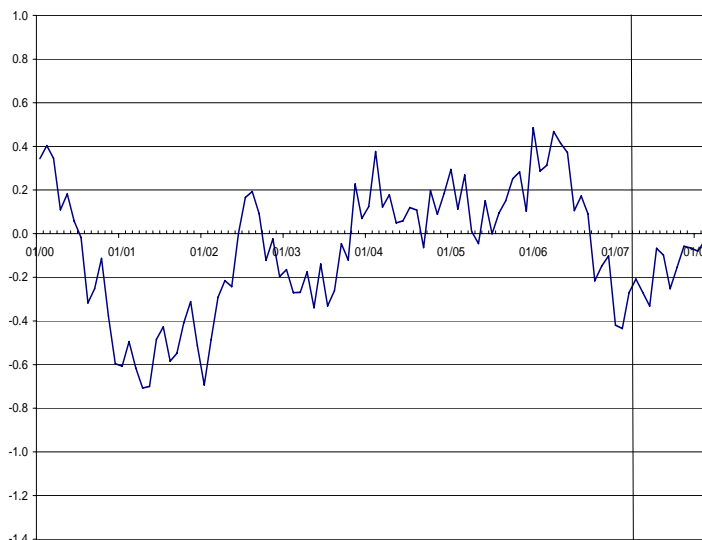
The national economy and regional economy seem to remain on a slower economic growth trend. For the national economy, rising gas prices and falling home prices could slow the pace of consumer spending. Consumer Sentiment estimated by University of Michigan Surveys of Consumers fell in April (88.4 → 87.1). For the local economy, the CBAI index suggests that economic growth will be below its historical trend, in large part because of the slowing national economic activity.

Chicago Business Activity Index

Release Date:
May 17, 2007

Next Release Date:
June 15, 2007

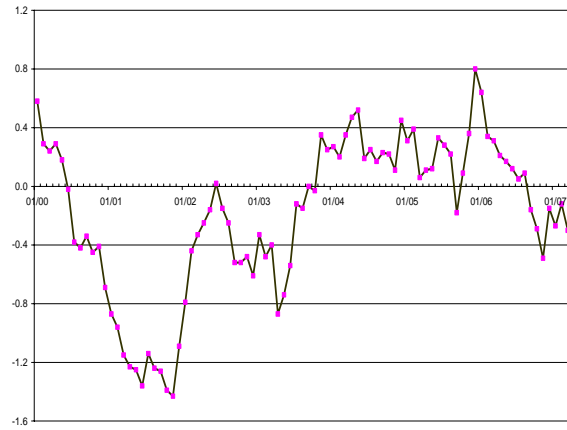
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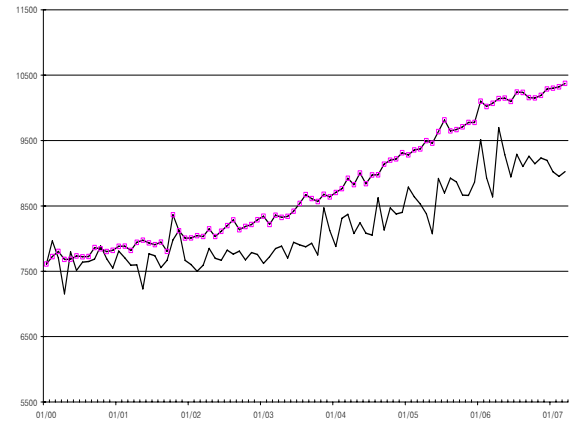
CBAI (Current: -0.270)			
	1 month	3 month	1 year
Historical (ago)	-0.435	-0.102	0.314
Forecast (ahead)	-0.208	-0.332	-0.047

Chicago Business Activity Index

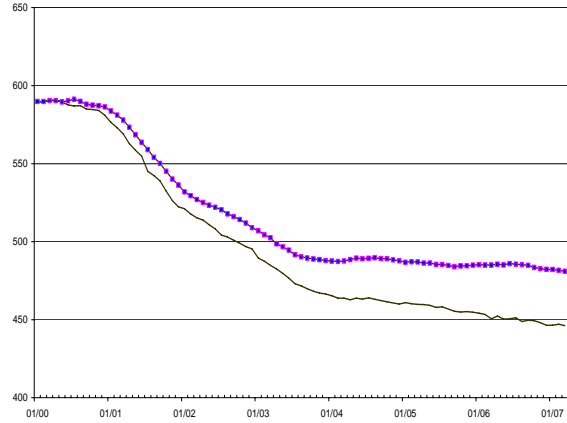
Chicago Fed National Activity Index (CFNAI-MA3)



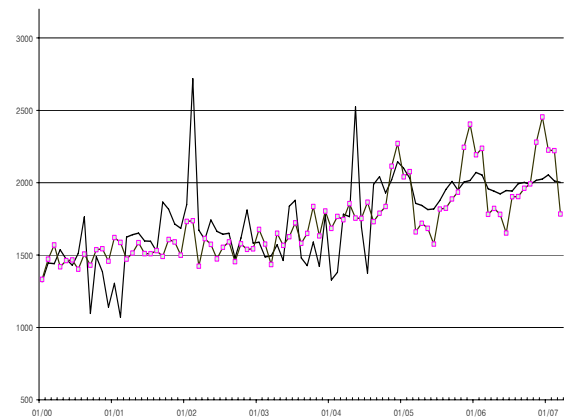
Chicago & National Retail Sales



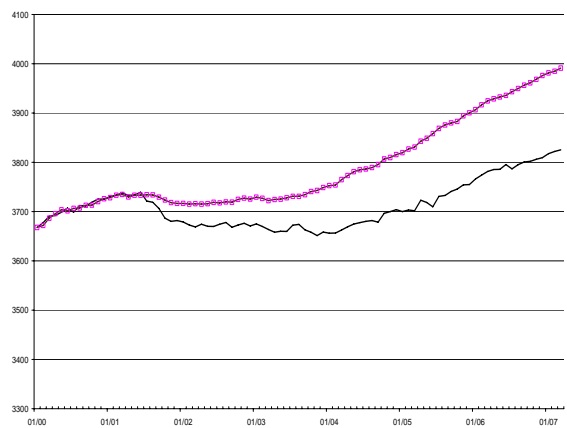
Chicago & National Manufacturing Employment



Illinois & National Construction



Chicago & National Non-manufacturing Employment



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

Economic Activity: Summary

Percentage change compared to the previous period

Months ago	National			Chicago		
	12	3	1	12	3	1
Mfgn	-0.82	-0.25	-0.13	-0.99	-0.04	-0.22
NMfgn	1.69	0.38	0.16	1.16	0.42	0.08
Cons	0.10	-27.34	-19.74	2.28	-1.13	-0.47
Retail	3.01	0.82	0.50	4.48	-1.85	0.84

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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