

CHICAGO BUSINESS ACTIVITY INDEX

CBAI fell in January

The Chicago Business Activity Index (CBAI) was 78.3 in January, the sixteenth consecutive below the long-term trend reading since October 2006. This was mainly attributed to the weak national economy and the negative contribution of construction. Considering that the CBAI leads the local business cycle and the values of this index under 100 are associated with below-trend growth, the Chicago economy will experience below trend growth over the next 12 months.

In January, the national economy showed relatively weak features. Though the Chicago Fed National Activity Index (CFNAI) was up from -0.69 in December to -0.58, all four broad categories of indicators made negative contributions. Construction spending announced by the US Census Bureau decreased 1.7 percent. The economic performance in Chicago presented mixed features. Construction decreased by 1.06 percent while retail sales increased by 2.89 percent and manufacturing and non manufacturing activities increased slightly.

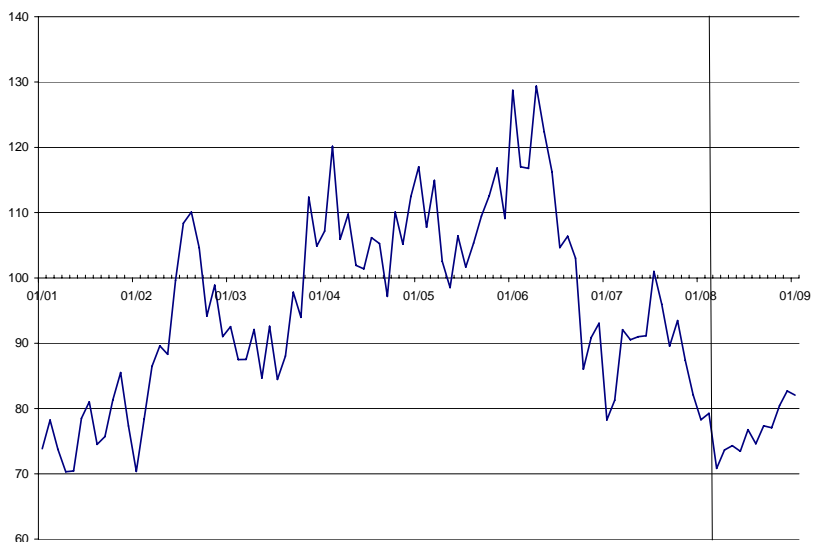
The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, consumer confidence of the Surveys of Consumers plunged among households of all incomes and ages as well as across all regions of the country in February, from 78.4 in January to 70.8. The leading index of the Conference Board also declined for the fourth straight month in January. 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:
March 19, 2008

Next Release Date:
April 15, 2008

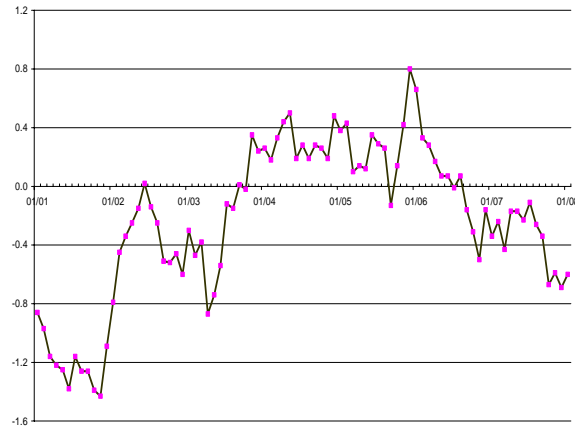
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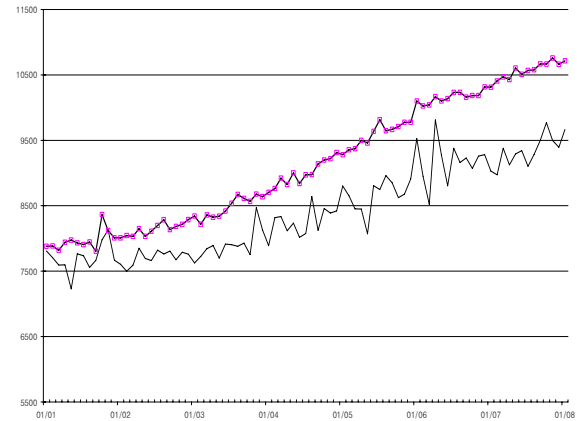
CBAI (Current: 78.3)			
	1 month	3 month	1 year
Historical (ago)	82.1	93.5	78.3
Forecast (ahead)	79.3	73.6	82.1

Chicago Business Activity Index

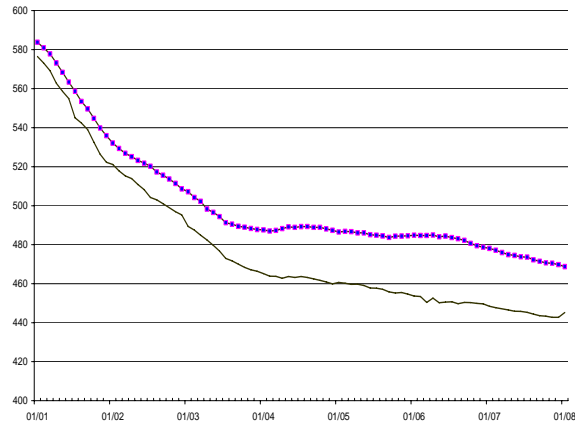
Chicago Fed National Activity Index (CFNAI-MA3)



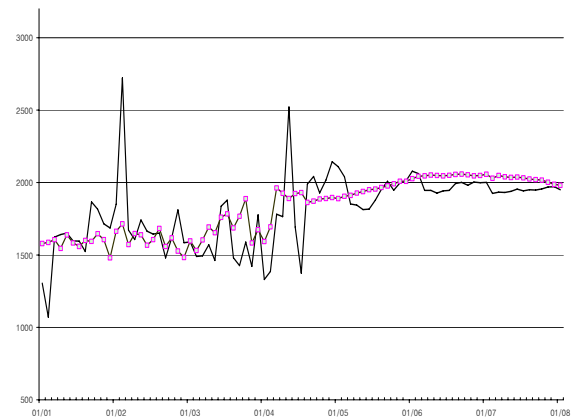
Chicago & National Retail Sales



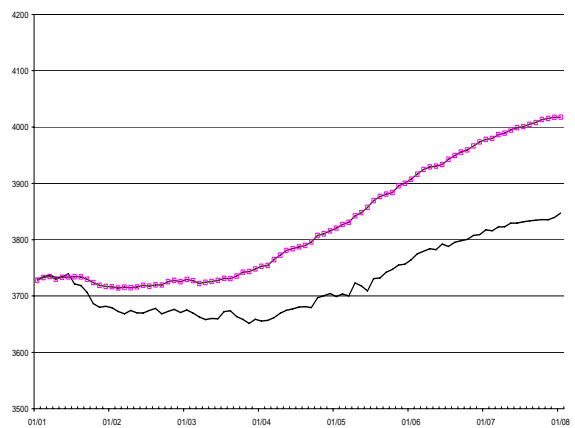
Chicago & National Manufacturing Employment



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	-1.96	-0.41	-0.23	-0.73	0.43	0.56
NMfgn	0.99	0.11	0.01	0.78	0.30	0.21
Cons	-3.70	-1.81	-0.33	-2.52	-0.30	-1.06
Retail	3.91	0.48	0.50	7.06	-1.07	2.89

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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