

CHICAGO BUSINESS ACTIVITY INDEX

CBAI fell in April

The Chicago Business Activity Index (CBAI) was 65.9 in April, the ninth consecutive reading below the long-term trend since August 2007. This was mainly attributed to the weak national economy. 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 April, the national economy showed weak features. The Chicago Fed National Activity Index was -1.17 in April, down from -0.98 in March. The Industrial Production Index for Manufacturing (IPMFG) was down 0.8 percent and the Federal Reserve Board’s Beige Book also reported that economic activity remained generally weak in late April and May. The economic performance in Chicago presented mixed features. Consumption increased by 1.81 percent while the Chicago Fed Midwest Manufacturing Index (CFMMI) decreased 1.7 percent.

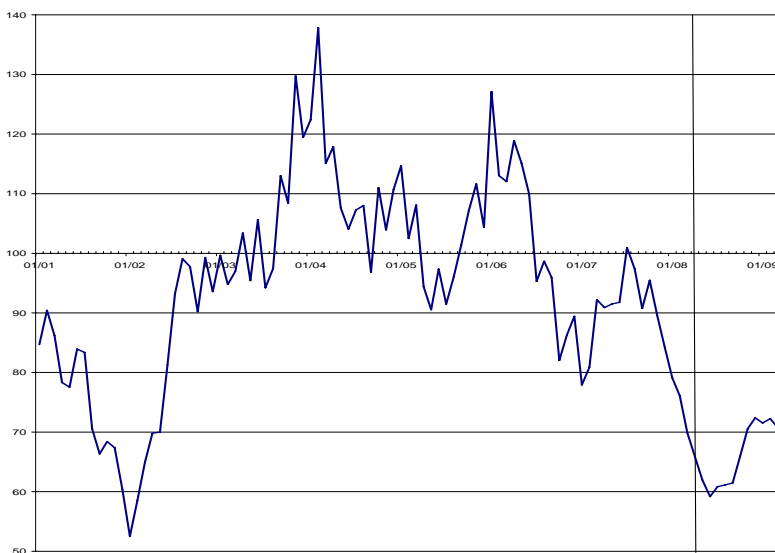
The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the three-month Chicago Fed National Activity Index (CFNAI-MA3) decreased to -1.24 in April, which was the lowest reading for the index since the months associated with the 2001 recession. A CFNAI-MA3 value below -0.70 indicates an increasing likelihood that a recession has begun. In addition, the University of Michigan’s consumer confidence index fell to 59.8 in May, which was the lowest level since the June 1980 survey. 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:
June 19, 2008*

*Next Release Date:
July 15, 2008*

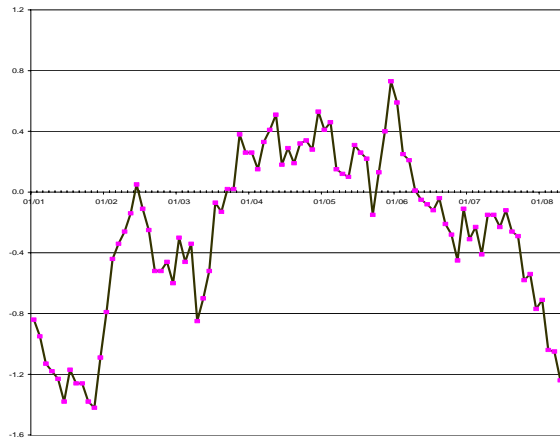
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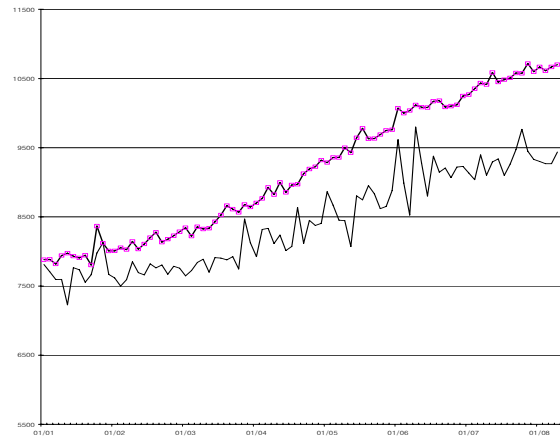
CBAI (Current: 65.9)			
	1 month	3 month	1 year
Historical (ago)	69.9	79.1	90.9
Forecast (ahead)	61.9	60.8	67.6

Chicago Business Activity Index

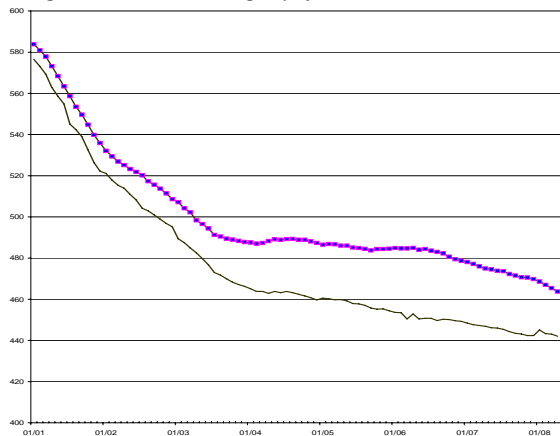
Chicago Fed National Activity Index (CFNAI-MA3)



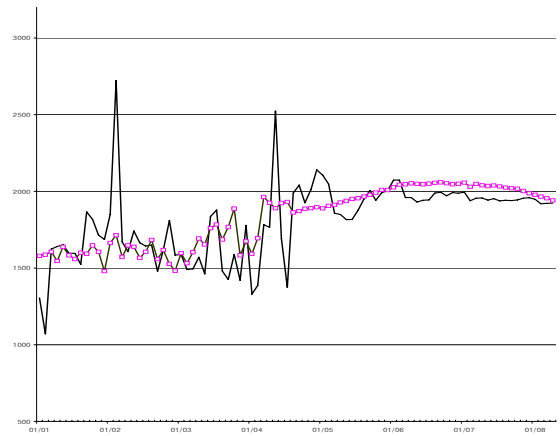
Chicago & National Retail Sales



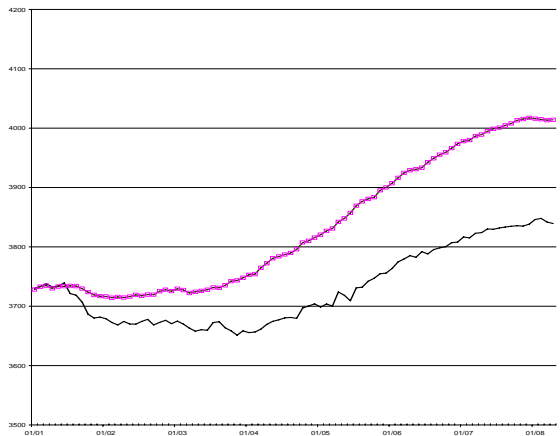
Chicago & National Manufacturing Employment



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	-2.35	-1.03	-0.36	-1.08	-0.67	-0.22
NMfgn	0.63	-0.05	0.02	0.40	-0.17	-0.06
Cons	-4.82	-1.82	-0.71	-1.72	-1.27	0.04
Retail	2.76	0.31	0.31	3.67	1.46	1.81

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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