

CHICAGO BUSINESS ACTIVITY INDEX

CBAI held steady in June

The Chicago Business Activity Index (CBAI) was 65.8 in June, up slightly from 62.9 in May. The Index continued to be below the long-term trend since August 2007. Household consumption continued to contract in June, offsetting the improvements of manufacturing and 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 June, the national and regional economy showed mixed features. The Chicago Fed National Activity Index (CFNAI) was -0.60 in June, up from -1.60 in May and the national Industrial Production Index for manufacturing (IPMFG) advanced 0.2 percent in June. Nonetheless, the national unemployment rate rose to 5.5 percent in May and maintained constant in June. While the Chicago Fed Midwest Manufacturing Index (CFMMI) increased by 1.1 percent, regional consumption decreased by 0.41 percent and the unemployment rate of Illinois soared to 6.8 percent in June, which was the highest since it had reached 6.9 percent in September 2003.

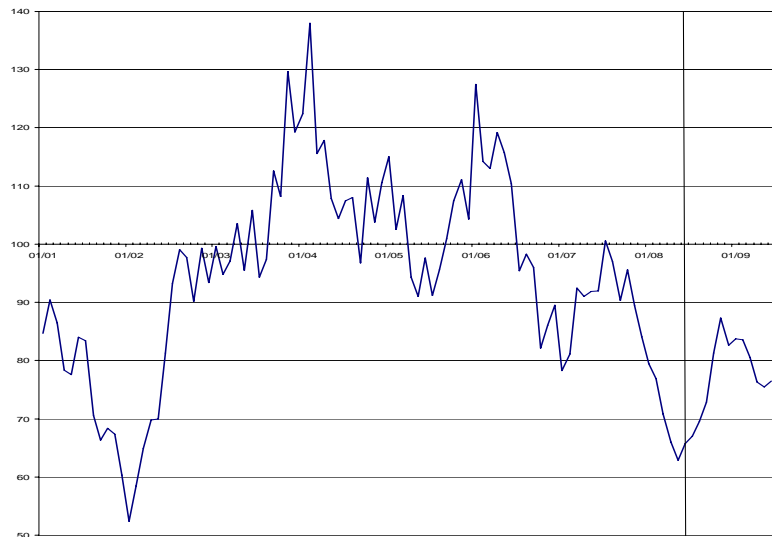
The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, consumer confidence appears to be down with little expectation of recovery soon. In July, The Conference Board reported that 32.4 percent of consumers anticipate business conditions to worsen over the next six months while only 9.3 percent expected conditions to improve. For the local economy, the CBAI index suggests that the regional economic growth will be below its historical trend, in large part because of the sluggish national economic activity.

Chicago Business Activity Index

Release Date:
August 18, 2008

Next Release Date:
September 15, 2008

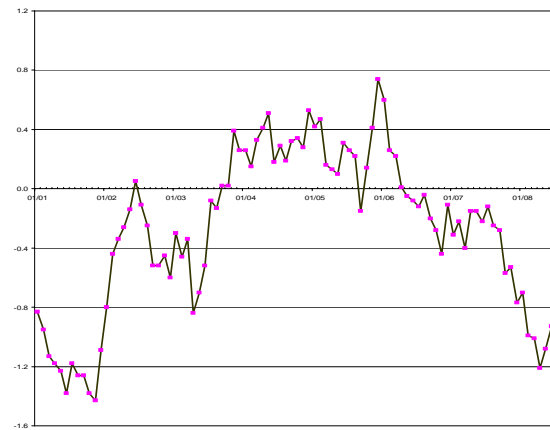
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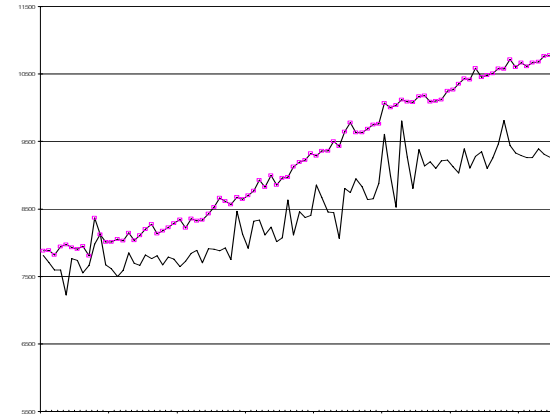
CBAI (Current: 65.8)			
	1 month	3 month	1 year
Historical (ago)	62.9	70.8	92.0
Forecast (ahead)	67.0	72.8	76.5

Chicago Business Activity Index

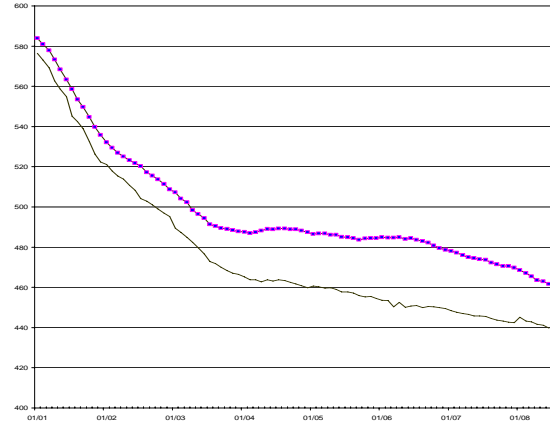
Chicago Fed National Activity Index (CFNAI-MA3)



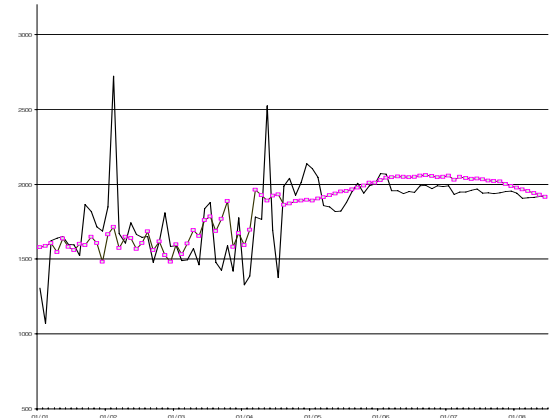
Chicago & National Retail Sales



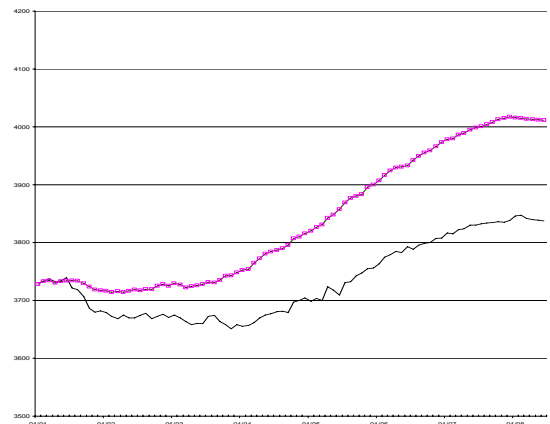
Chicago & National Manufacturing Employment



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	-2.55	-0.79	-0.26	-1.36	-0.70	-0.30
NMfgn	0.32	-0.05	-0.01	0.18	-0.11	-0.04
Cons	-6.00	-1.99	-0.68	-2.60	0.39	0.09
Retail	3.15	1.04	0.10	-0.80	0.11	-0.41

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 principal components regression method, directs attention to the relationship between local and national business cycle.

REGIONAL | ECONOMICS | APPLICATIONS | LABORATORY

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