

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in May

The Chicago Business Activity Index (CBAI) was 29.5 in May, showing modest increase from 28.3 in April. The decline of CBAI has flattened out since February.

In May, the national and regional economy showed mixed features. The Chicago Fed National Activity Index (CFNAI) was -2.30 in May, little changed from -2.27 in April. The Federal Reserve Board’s industrial production index decreased 1.1% in May after having fallen 0.7% in April. Retail sales (excluding food services) shifted to an increase: -1.26% in March → -0.30% in April → 0.5% in May. Non-farm employment declined by 322,000 in May, and the unemployment rate rose from 8.9% to 9.4%. However, the magnitude of job-losses in non-farm has moderated substantially in recent months: -652,000 in March → -519,000 in April → -322,000 in May. The Chicago Fed Midwest Manufacturing Index (CFMMI) declined 3.1% in May, after having dropped 1.4% in April. In the Chicago region, the manufacturing, non-manufacturing and construction employment decreased 0.9%, 0.5% and 0.9% respectively in May, after having dropped 1.6%, 0.5% and 0.2% in April. Retail sales increased 0.1% in May, after decreasing 3.7% in April.

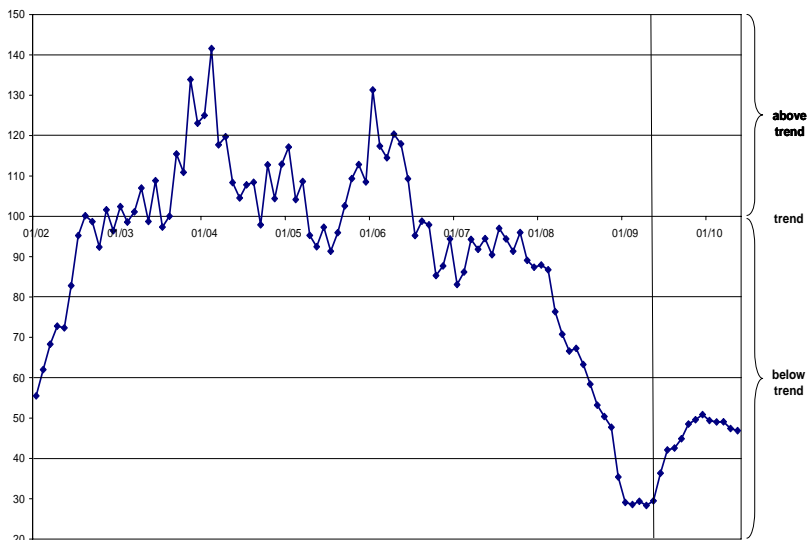
Some indicators point to a slowing of the downward trend of economic activity. In particular, recent movement of the CBAI implies some moderation of the abrupt slowdown of the Chicago economy. However, there is still a high degree of uncertainty involved in employment and facility investment related situations. The Bureau of Labor Statistics (BLS) reported that the number of unemployed persons had increased by 7.2 million since the start of the recession in December 2007. Also, it reported that the hires rate was 3.0% in May, reaching at the lowest point since the series began in December 2000. Furthermore, CBAI still continued to be far below the long-term trend, suggesting that it would take considerable time for the regional economy to provide sustained evidence of a robust recovery.

Chicago Business Activity Index

Release Date:
July 15, 2009

Next Release Date:
August 17, 2009

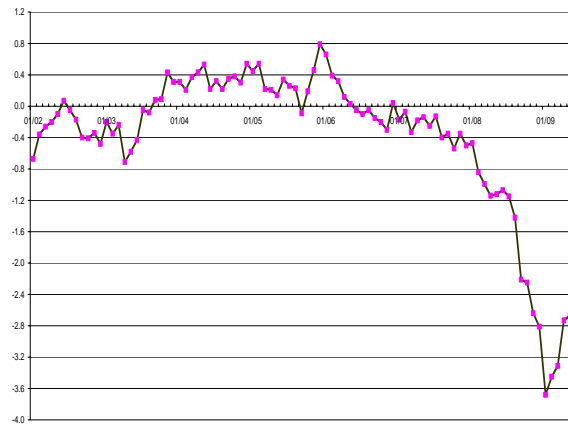
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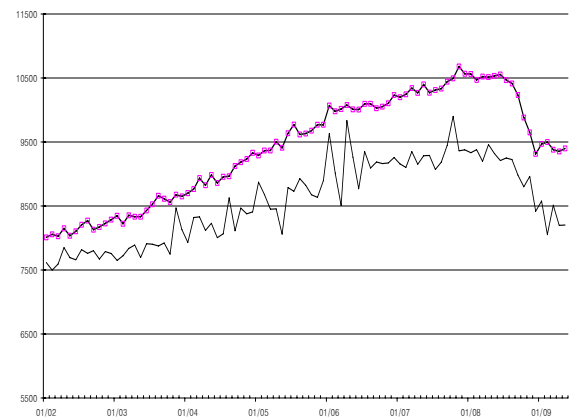
CBAI (Current: 29.5)			
	1 month	3 month	1 year
Historical (ago)	28.3	28.6	66.6
Forecast (ahead)	36.4	42.6	46.9

Chicago Business Activity Index

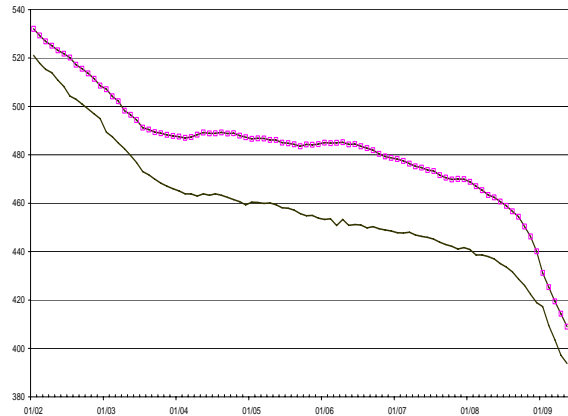
Chicago Fed National Activity Index (CFNAI-MA3)



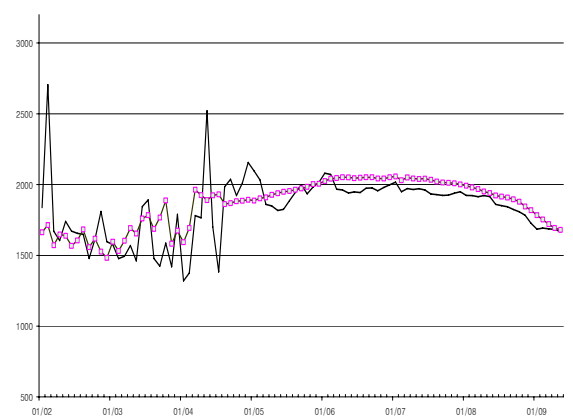
Chicago & National Retail Sales



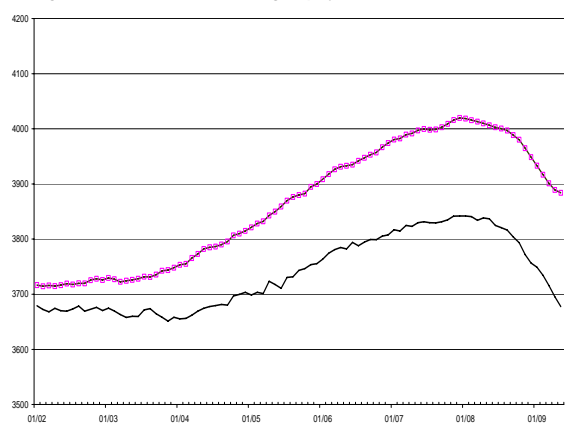
Chicago & National Manufacturing Employment



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	-11.55	-3.83	-1.28	-9.88	-3.83	-0.86
NMfgn	-3.06	-0.84	-0.14	-4.14	-1.52	-0.48
Cons	-13.36	-4.16	-0.75	-12.90	-1.44	-0.92
Retail	-10.75	-1.05	0.50	-12.00	1.87	0.07

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.

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