

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in July

The Chicago Business Activity Index (CBAI) was 45.0 in July, up from 36.9 in June. The decline of CBAI had flattened out since February. The recent movement of the index exhibits a favorable sign that regional economic activity is finally emerging from the downward trend.

In July the national and regional economy showed mixed features. The Chicago Fed National Activity Index (CFNAI) was -0.74 in July, up from -1.82 in June. The Federal Reserve Board’s industrial production index increased 0.5 percent in July, marking the first monthly increase since December 2007 except for the hurricane-related rebound in October 2008. Nevertheless, non-farm payroll employment continued to decline (-247,000), and the unemployment rate was little changed at 9.4 percent in July. The Chicago Fed Midwest Manufacturing Index (CFMMI) increased 2.6 percent in July, marking its first increase in over a year and highest since September 2003. In the Chicago region, manufacturing employment increased 0.12 percent while non-manufacturing and construction employment decreased 0.24 percent and 1.22 percent respectively in July.

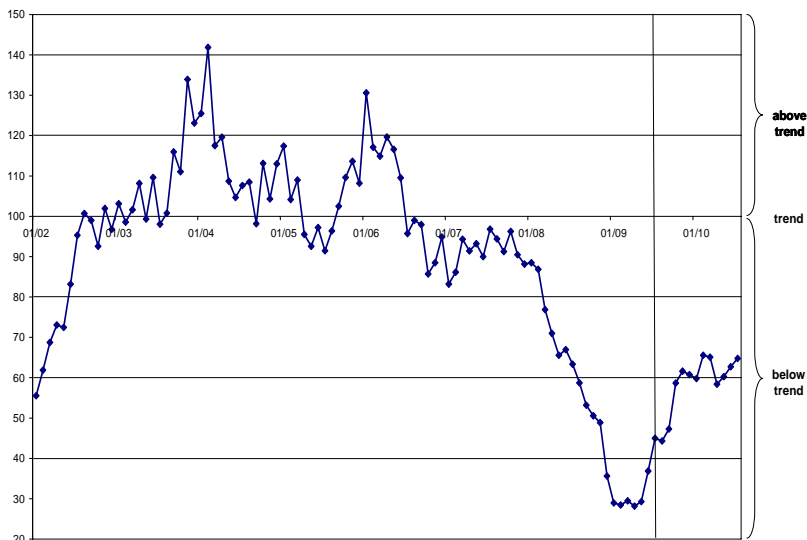
In recent months, production- and financial market- related indicators point that the pace of the downturn of domestic economic activity has clearly eased. Looking further ahead, the national economy is likely to continue an improved pattern of movements. However, there are still downside risks present mainly on the demand side. The unemployment rate increased to 9.7 percent in August, recording the highest since June 1983 when the rate registered 10.1 percent. U-6 unemployment rate, which includes all marginally attached workers and total employed part time for economic reasons, increased to 16.8 percent in August from 16.3 percent in July. Retail sales exhibited a decrease (-0.1%) in August after two months’ of mild increases. For the local economy, the CBAI still continued to be far below the long-term trend, suggesting that it would take considerable time for the regional economy to gain the momentum of sustainable growth.

Chicago Business Activity Index

Release Date:
October 6, 2009

Next Release Date:
October 15, 2009

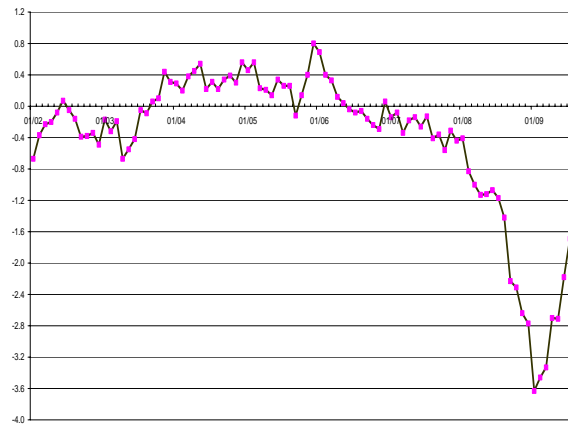
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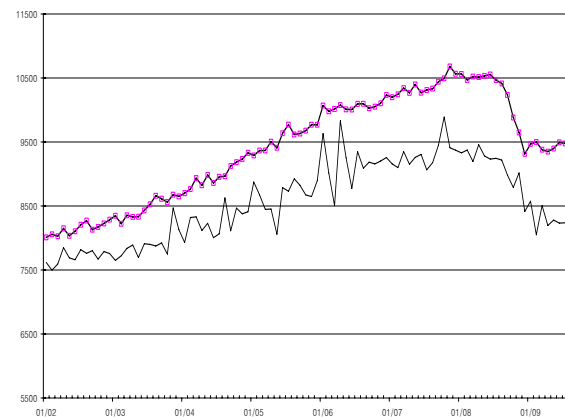
CBAI (Current: 45.0)			
	1 month	3 month	1 year
Historical (ago)	36.9	28.2	63.3
Forecast (ahead)	44.3	58.7	64.8

Chicago Business Activity Index

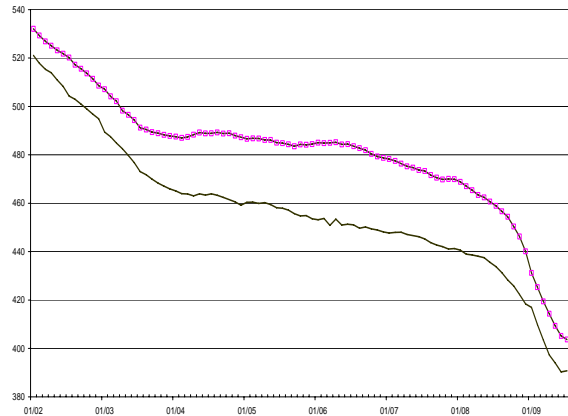
Chicago Fed National Activity Index (CFNAI-MA3)



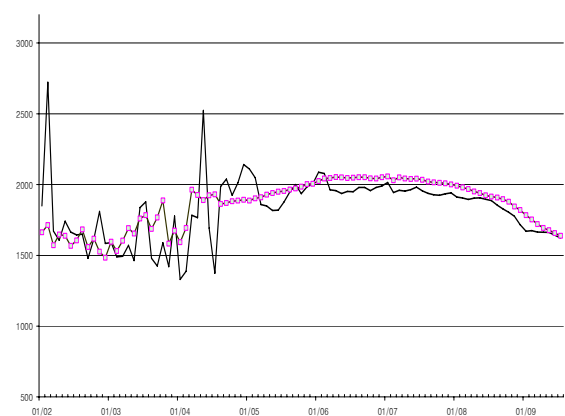
Chicago & National Retail Sales



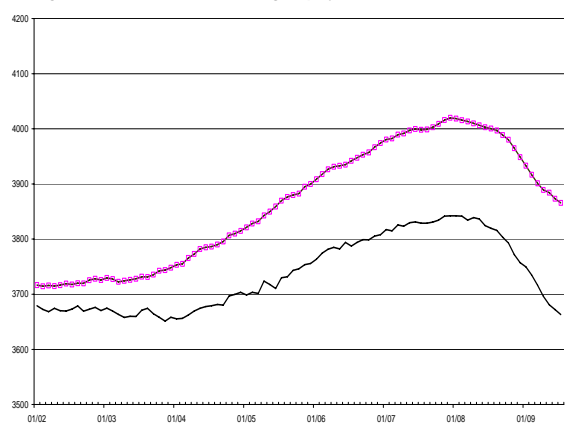
Chicago & National Manufacturing Employment



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	-12.04	-2.57	-0.36	-9.92	-1.65	0.12
NMfgn	-3.37	-0.61	-0.19	-4.09	-0.89	-0.24
Cons	-14.48	-3.28	-1.17	-13.99	-2.41	-1.22
Retail	-9.46	1.35	-0.19	-10.91	0.52	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.

REGIONAL | ECONOMICS | APPLICATIONS | LABORATORY

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