

**CHICAGO BUSINESS ACTIVITY INDEX**

**CBAI increased in December**

The Chicago Business Activity Index (CBAI) was 90.9 in December, down from 97.3 in November. The drop of the index in December could be attributed mainly to the decline of construction activities in the Chicago region and the sluggishness of private demand.

In December, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production increased 0.8 percent in December after having risen 0.3 percent in November. The capacity utilization rate for all industry rose to 76.0 percent. In addition, national retail sales increased 0.61 percent in December. The number of unemployed persons decreased by 556,000 to 14.5 million in December, and the unemployment rate dropped to 9.4 percent.

The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to 0.03 in December, from -0.4 in November. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 0.37 percent in December, after a 0.37 percent increase in November. In the Chicago region in December, manufacturing employment decreased 0.27 percent while non-manufacturing employment decreased 0.28 percent and construction employment decreased by 2.29 percent. Regional retail sales are estimated to have decreased 0.68 percent in December.

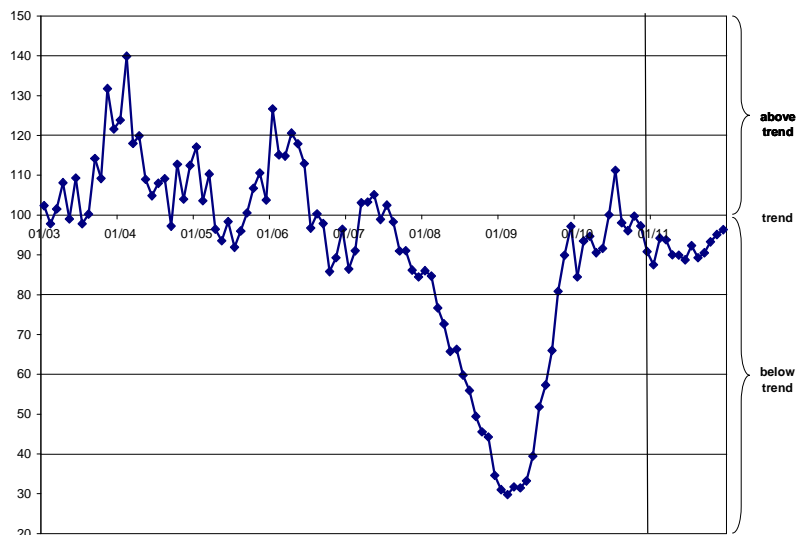
In the coming months, the national economy is likely to maintain its modest recovery trend; but a number of uncertainties remain. The Bureau of Labor Statistics reported total nonfarm payroll employment increased by 103,000 in December. Employment rose in leisure and hospitality and in health care but changed little in other major industries. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to be on a modest improving trend over the next several months.

**Chicago Business Activity Index**

*Release Date:*  
February 17, 2011

*Next Release Date:*  
March 17, 2011

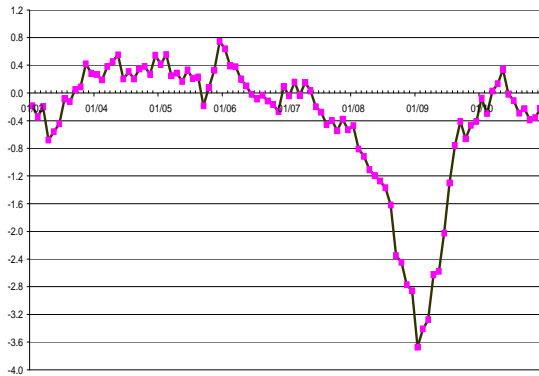
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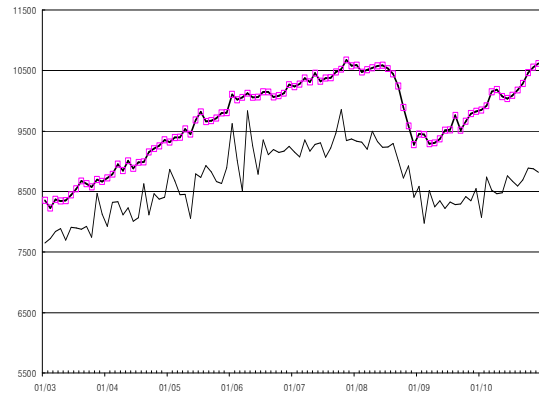
<b>CBAI</b> (Current: 90.9)			
	1 month	3 month	1 year
Historical (ago)	97.3	96.1	97.2
Forecast (ahead)	87.5	93.8	96.3

# Chicago Business Activity Index

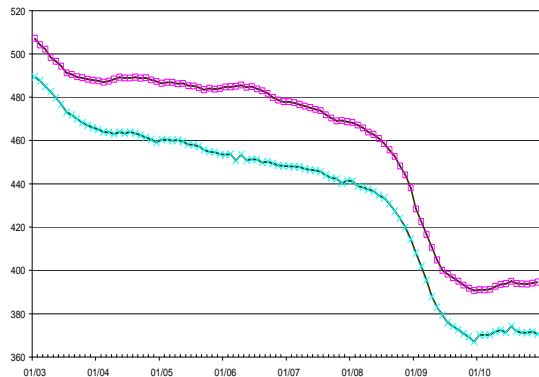
Chicago Fed National Activity Index (CFNAI-MA3)



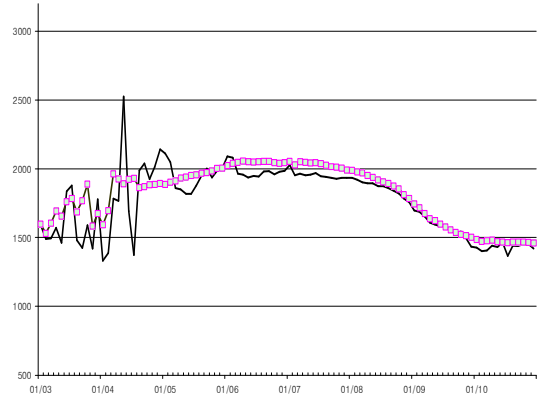
Chicago & National Retail Sales



Chicago & National Manufacturing Employment

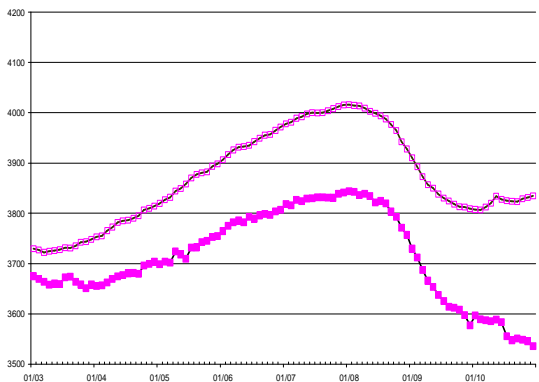


Illinois & National Construction



\* Black lines show Chicago indicators.

Chicago & National Non-manufacturing Employment



## Economic Activity: Summary

Percentage change compared to the previous period

Months ago	National			Chicago		
	12	3	1	12	3	1
Mfgn	0.98	0.20	0.12	0.95	-0.18	-0.27
NMfgn	0.68	0.31	0.09	-1.16	-0.43	-0.28
Cons	-2.83	-0.49	-0.31	-0.93	-1.31	-2.29
Retail	8.07	3.24	0.61	3.18	1.44	-0.68

Note: All series are seasonally adjusted.

National indicators are rescaled for comparison.

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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