

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in September

The Chicago Business Activity Index (CBAI) rose to 84.0 in September from 80.5 in August. The rise is attributed mainly to the increase in nonmanufacturing employment in the Chicago region and improved national economic activities in major sectors such as nonmanufacturing , construction and retail.

In September, the national and regional economy presented mixed signals. The Federal Reserve Board announced that total industrial (manufacturing) production grew 0.4% (0.2%) in September after having fallen 1.4% (0.9%) in August. Capacity utilization in all industry increased to 78.3% in September from 78.0% in August while capital utilization in manufacturing remained unchanged at 76.8%. The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to 0.00 in September from -1.17 in August due to improvements in production-related indicators. In the Chicago region, manufacturing output, measured by the Chicago Fed Midwest Manufacturing Index (CFMMI), decreased 0.4% in September and was mainly attributed by falls in auto, machinery, and steel production. Employment in manufacturing and construction decreased 0.31% and 0.60% in September while employment in nonmanufacturing rose 0.06%. Retail sales are estimated to have fallen 0.98% in September.

In the coming months, the national economy is likely to continue to show mixed signals about the economic recovery. The CFNAI-MA3 suggests that growth in national economic activity was below its historical trend. The Bureau of Labor Statistics reported that total nonfarm payroll employment increased by 171,000 in October, and the unemployment rate was essentially unchanged at 7.9%. Considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to continue its weak economic activities over the next several months.

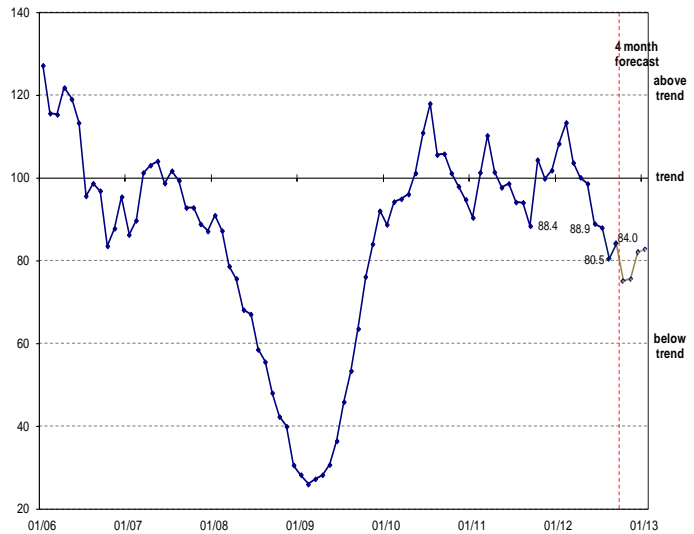
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November 16, 2012

Next Release Date:
December 18, 2012

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CBAI (Current: 84.0)			
	1 month	3 month	1 year
Historical (ago)	80.5	88.9	88.4
Forecast (ahead)	75.1	82.0	-

Chicago Business Activity Index



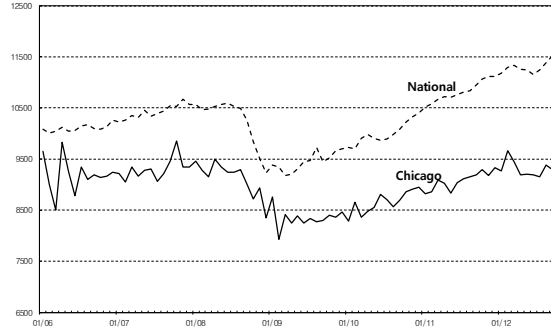
Chicago Business Activity Index

* National indicators are rescaled for comparison.

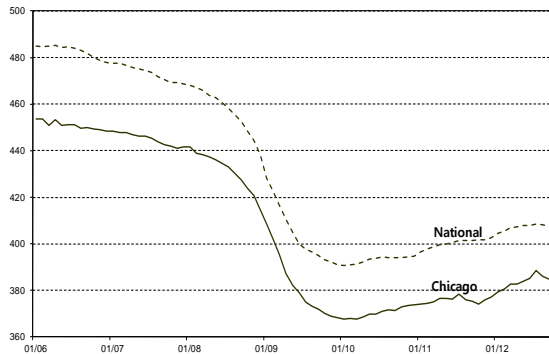
Chicago Fed National Activity Index (CFNAI-MA3)



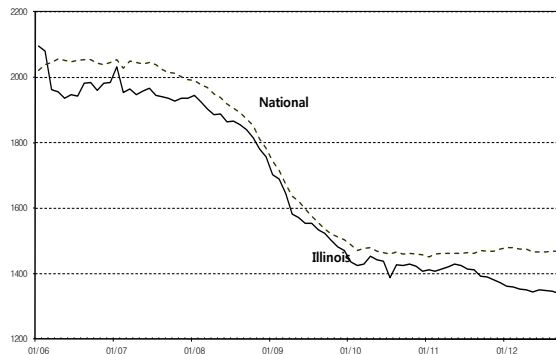
Chicago & National Retail Sales



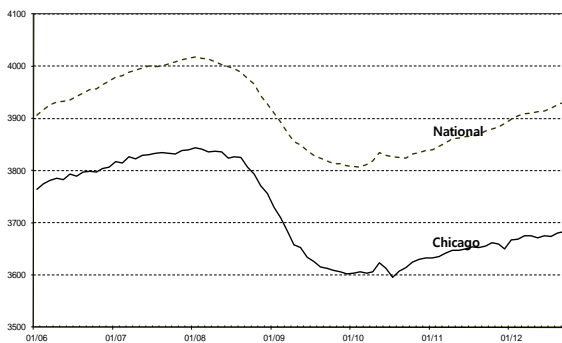
Chicago & National Manufacturing Employment



Illinois & National Construction



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	1.57	-0.08	-0.12	2.54	-0.06	-0.31
NMfgn	1.42	0.44	0.13	0.77	0.24	0.06
Cons	-0.11	0.15	0.04	-3.86	-0.82	-0.60
Retail	5.16	3.28	1.20	1.11	1.09	-0.98

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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