

CHICAGO BUSINESS ACTIVITY INDEX

CBAI decreased in October

The Chicago Business Activity Index (CBAI) decreased to 94.7 in October from 98.6 in September. The fall is attributed to slower national economic activities and the decline in the Chicago area’s retail activities.

In October, the national and regional economies shared mixed features. The Federal Reserve Board announced that industrial production index edged down 0.1 percent in October to 100.1 after having increased 0.7 percent in September. Capacity utilization for the industrial sector declined 0.2 percentage point in October to 78.1 percent. The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) decreased to -0.18 in October from +0.13 in September, led by declines in employment and production. In the Chicago region, the employment in manufacturing and nonmanufacturing rose 0.04 percent and 0.26 percent in October respectively. Construction employment increased 0.66 percent in October while retail sales are estimated to have fallen 0.57%.

In the coming months, the national economy is likely to maintain its modest recovery trend. The economic growth reflected in the CFNAI-MA3 suggests that national economic activity was near its historical trend. The Bureau of Labor Statistics reported that total nonfarm payroll employment rose by 203,000 in November, and the unemployment rate declined from 7.3 percent to 7.0 percent. Considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to continue its modest improving trend over the next several months.

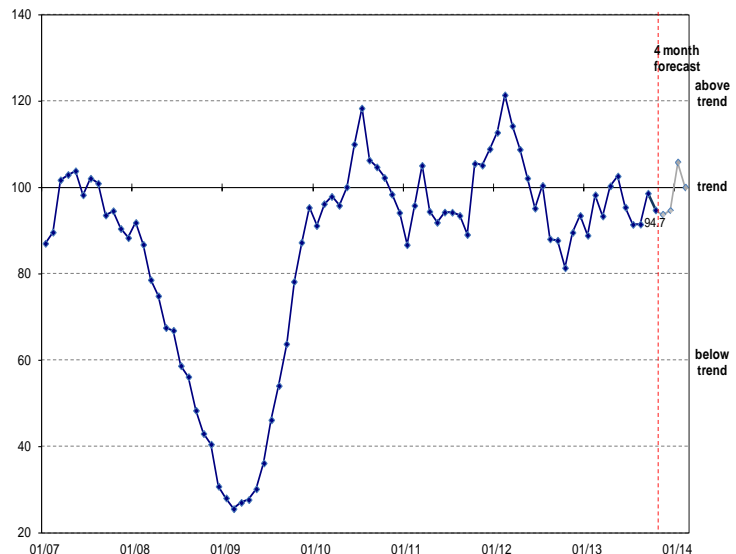
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CBAI (Current: 94.7)			
	1 month	3 month	1 year
Historical (ago)	98.6	91.4	81.4
Forecast (ahead)	93.6	105.6	-

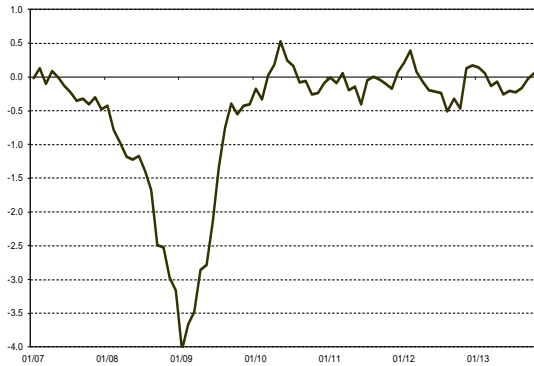
Chicago Business Activity Index



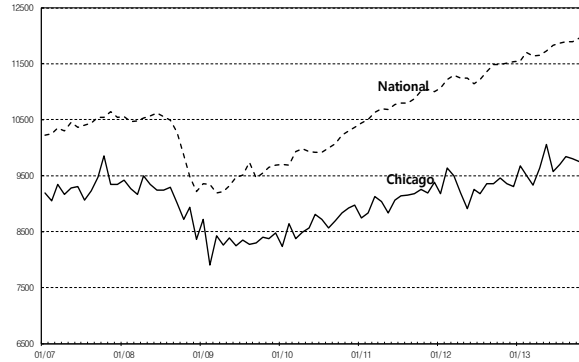
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* National indicators are rescaled for comparison.

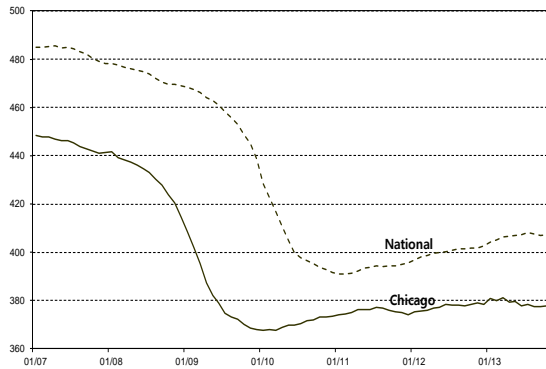
Chicago Fed National Activity Index (CFNAI-MA3)



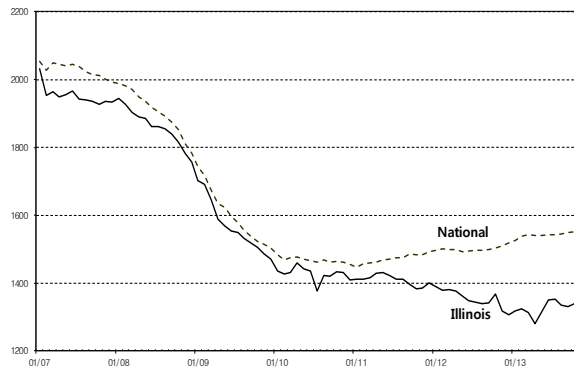
Chicago & National Retail Sales



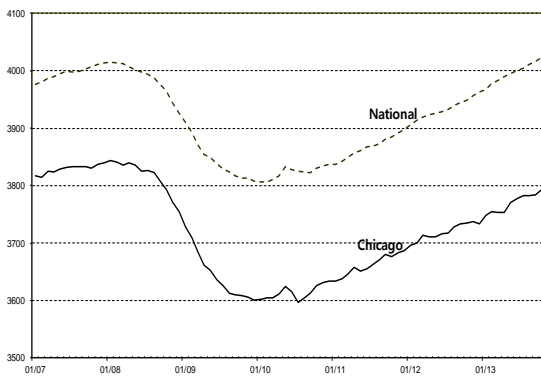
Chicago & National Manufacturing Employment



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	0.47	0.33	0.13	-0.18	-0.19	0.04
NMfgn	1.87	0.46	0.15	1.59	0.28	0.26
Cons	3.27	0.52	0.21	-2.11	-1.04	0.66
Retail	4.18	0.77	0.51	3.11	0.53	-0.57

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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