

CHICAGO BUSINESS ACTIVITY INDEX – MAY 2016

CBAI increased in MAY

The Chicago Business Activity Index (CBAI) increased to 92.9 in May from 92.0 in April. The increase is attributed to the job growth in the nonmanufacturing sector and to the improved retail activities in the Chicago area.

In May, the national and regional economies shared mixed features. The Federal Reserve Board announced that the industrial production index decreased 0.4 percent in May to 103.6 after having risen 0.6 percent in April. Capacity utilization for the industrial sector fell 0.4 percentage point in May to 74.9 percent. The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) fell to -0.51 in May from +0.05 in April. In the Chicago region, employment in the manufacturing and construction sector decreased 0.17 percent and 0.09 percent, respectively, in May. Employment in the nonmanufacturing sector rose 0.05 percent in May. Retail sales are estimated to have increased 1.19 percent during the same period.

In the coming months, the national economy is likely to stay on the expansion phase. The economic growth reflected in the CFNAI-MA3 suggests that growth in national economic activity is slightly below its historical trend. The Bureau of Labor Statistics reported that total nonfarm payroll employment increased by 287,000 and the unemployment rate rose to 4.9 percent in June. Considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to continue its recovery trend over the next several months.

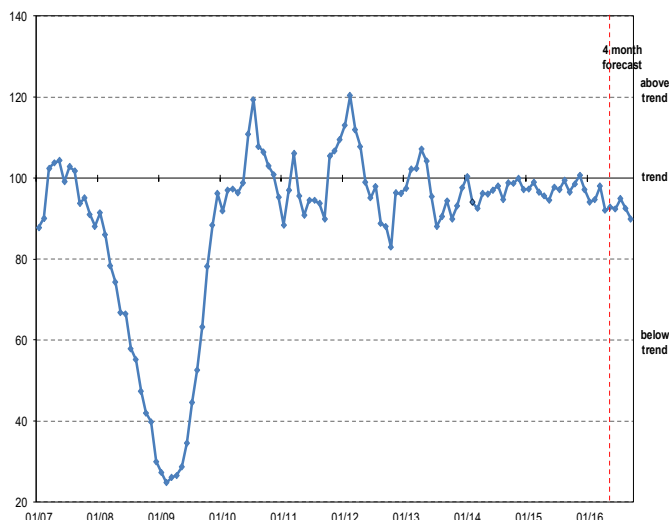
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August 18, 2016

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CBAI (Current: 92.9)			
	1 month	3 month	1 year
Historical (ago)	92.0	94.6	94.4
Forecast (ahead)	92.4	92.4	-

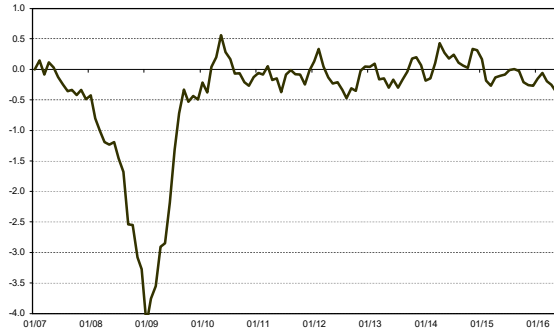
Chicago Business Activity Index



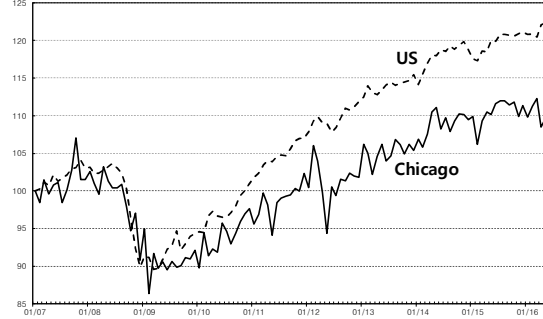
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* January 2007 = 100

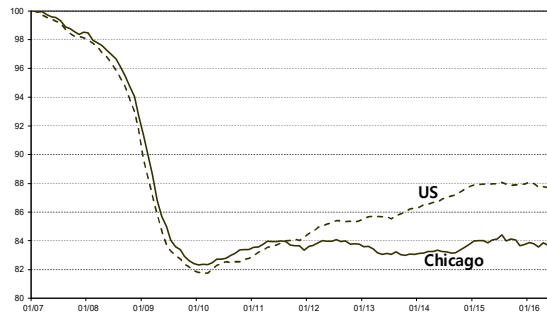
Chicago Fed National Activity Index (CFNAI-MA3)



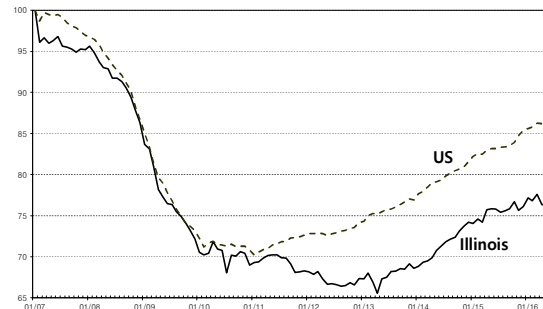
Retail Sales



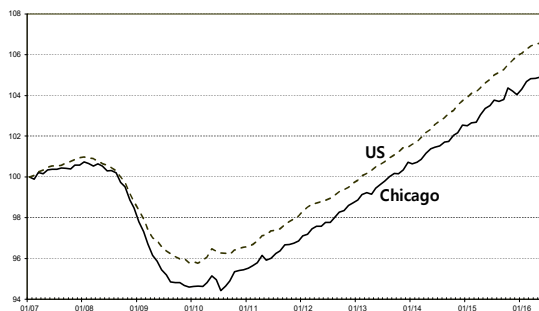
Manufacturing Employment



Construction



Non-manufacturing Employment



Economic Activity: Summary

Percentage change compared to the previous period

Months ago	National			Chicago		
	12	3	1	12	3	1
Mfgn	-0.32	-0.30	-0.08	-0.41	-0.10	-0.17
NMfgn	1.89	0.29	0.04	1.49	0.20	0.05
Cons	3.41	0.26	-0.23	0.56	-0.69	-0.09
Retail	1.93	1.19	0.18	-0.34	-1.33	1.19

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 Chicago metropolitan area. 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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