

CHICAGO BUSINESS ACTIVITY INDEX – December 2019

CBAI decreased in October

The Chicago Business Activity Index (CBAI) decreased to 88.6 in October from 89.7 in September. The decrease is mainly attributed to negative manufacturing and construction job growth.

In October, the national and regional economies presented mixed features. Industrial production and manufacturing production both rebounded 1.1 percent in November after declining in October. At 109.7 percent of its 2012 average, total industrial production was 0.8 percent lower in November than it was a year earlier. Capacity utilization for the industrial sector increased 0.7 percentage point in November to 77.3 percent, a rate that is 2.5 percentage points below its long-run (1972–2018) average. The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) moved down to -0.71 in October from -0.45 in September. In the Chicago region, employment in the manufacturing sector decreased 0.09 percent and employment in the nonmanufacturing sector increased 0.03 percent in October. Employment in the construction sector decreased 0.3 percent and retail sales are estimated to have increased 1.52 percent during the same period.

In the coming months, 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 below its historical trend. Total nonfarm payroll employment rose by 266,000 in November, and the unemployment rate was little changed at 3.5 percent. Considering recent national economic conditions and movements of projected CBAI, the Chicago economy expansion trend is expected to slow down over the next several months.

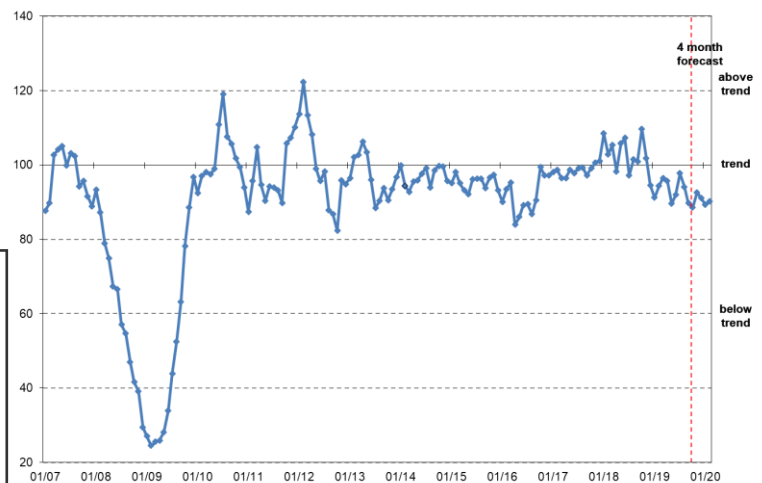
Chicago Business Activity Index

Release Date:
December 18, 2019

Next Release Date:
January 18, 2020

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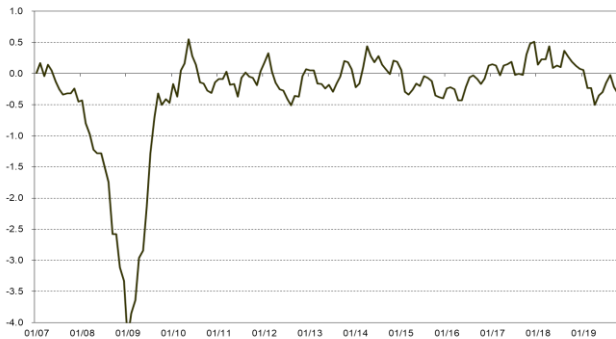
| | | | |
|-----------------------------|---------|---------|--------|
| CBAI (Current: 88.6) | | | |
| | 1 month | 3 month | 1 year |
| Historical (ago) | 89.7 | 97.7 | 109.7 |
| Forecast (ahead) | 92.6 | 89.4 | - |



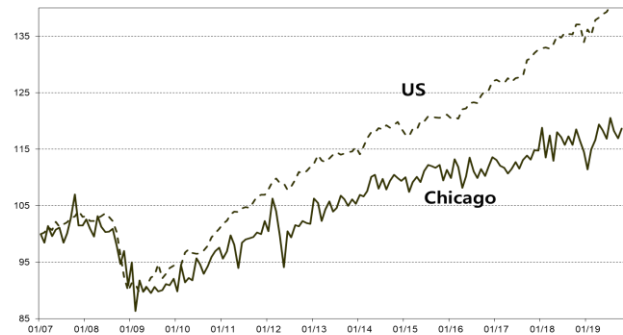
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* January 2007 = 100

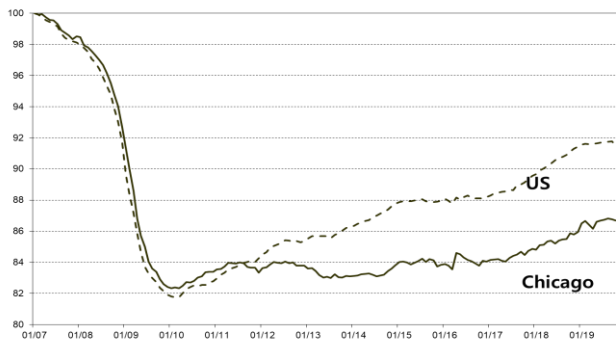
Chicago Fed National Activity Index(CFNAI-MA3)



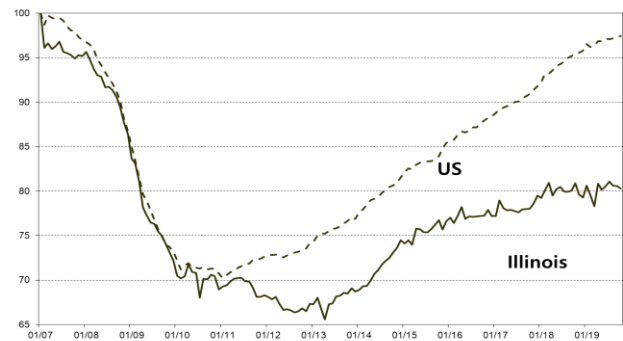
Retail Sales



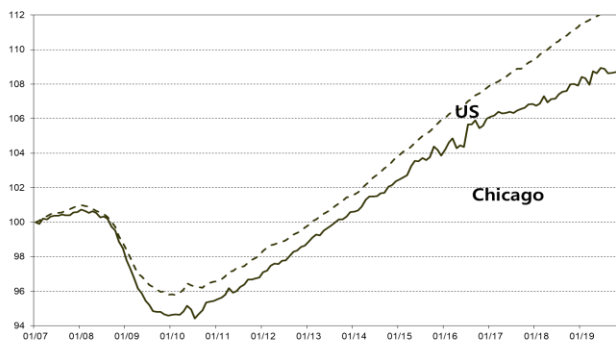
Manufacturing Employment



Construction Employment



Non-manufacturing Employment



Economic Activity: Summary

| Months ago | Percentage change compared to the previous period | | | | | |
|------------|---|-------|-------|---------|-------|-------|
| | National | | | Chicago | | |
| | 12 | 3 | 1 | 12 | 3 | 1 |
| Mfgn | 0.38 | -0.30 | -0.33 | 0.94 | -0.07 | -0.09 |
| NMfgn | 1.52 | 0.44 | 0.14 | 0.66 | -0.17 | 0.03 |
| Cons | 2.03 | 0.40 | 0.19 | -0.74 | -0.96 | -0.30 |
| Retail | 2.98 | 0.56 | 0.52 | 0.14 | -1.55 | 1.52 |

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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