

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in January

The Chicago Business Activity Index (CBAI) was 0.19 in January 2005. This was mainly attributed to the increase of both manufacturing and non-manufacturing employment. Considering that the CBAI leads the local business cycle and positive values of this index are associated with above-trend growth, the Chicago economy likely continues on a strong expansion path.

In January, the national economy presented a mixed feature. The coincident index of the Conference Board stayed the same. Non-manufacturing employment was up 0.1 percent. However, construction and retail sales decreased 14.8 percent and 0.4 percent, respectively.

The economic performance in Chicago showed some good features in January. Non-manufacturing employment, manufacturing employment, and the Chicago Fed Midwest manufacturing production rose 0.2 percent, 0.1 percent and 0.1 percent, respectively. However, construction and retail sales decreased 16.3 percent and 1.2 percent, respectively.

Both the national economy and regional economy are expected to continue on an economic expansion. Even though the leading index of the Conference Board in January, and its consumer confidence index in February decreased 0.3 percent and 1.0 percent, respectively, following increases in the previous two months, new hiring surged by 262,000 in February, indicating that businesses may be confident enough about the economy's direction that they can now consider additional hiring to enhance increasing production. For the local economy, Chicago added jobs in January while, overall, the state of Illinois lost jobs. The expectation is that the Chicago will continue to benefit more from national expansion than the state as a whole.

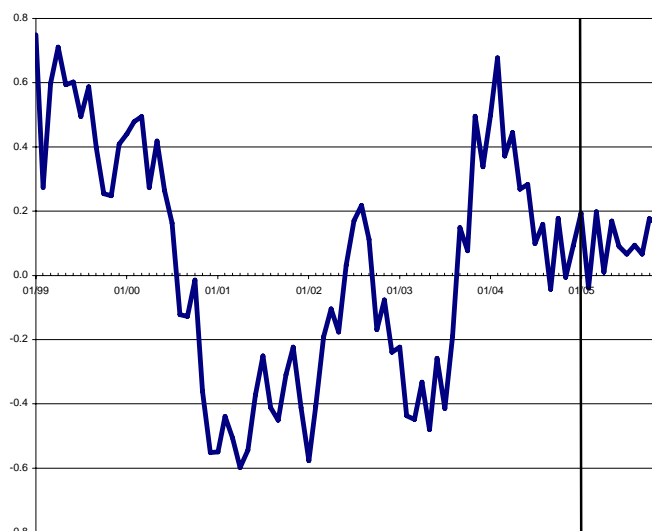
Release Date:
March 19, 2005

Next Release Date:
April 15, 2005

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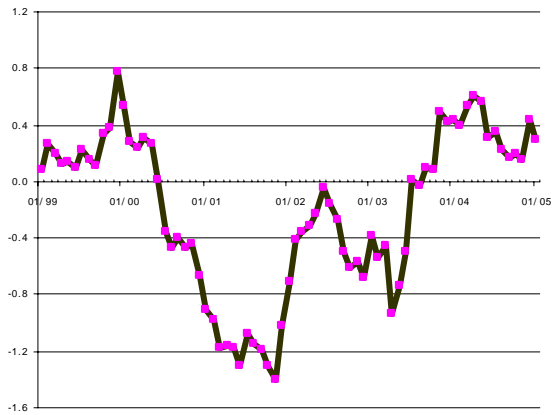
CBAI (Current: 0.194)			
	1 month	3 month	1 year
Historical (ago)	0.092	0.178	0.499
Forecast (ahead)	-0.039	0.010	0.265

Chicago Business Activity Index

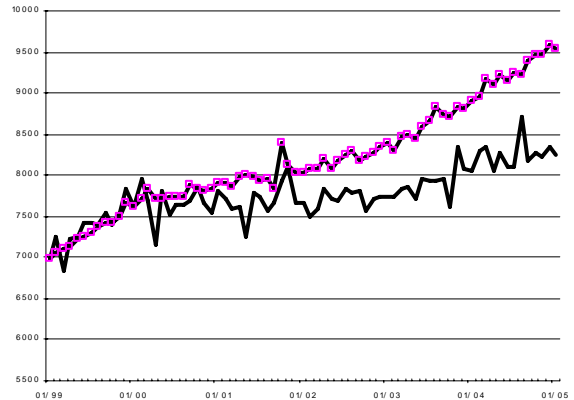


Chicago Business Activity Index

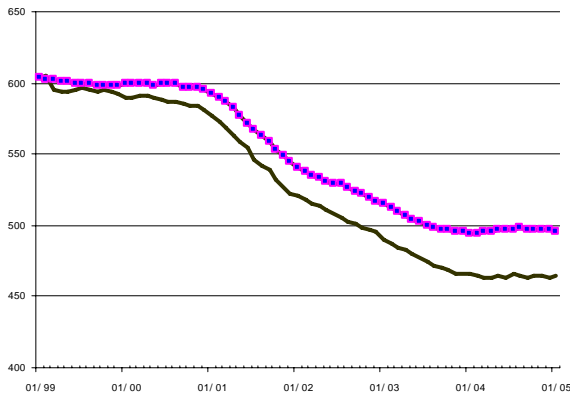
Chicago Fed National Activity Index (CFNAI-MA3)



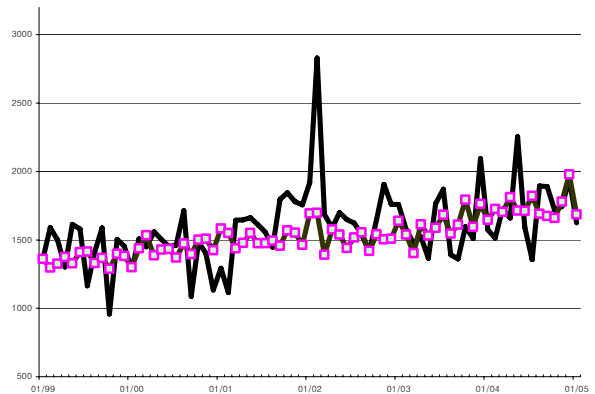
Chicago & National Retail Sales



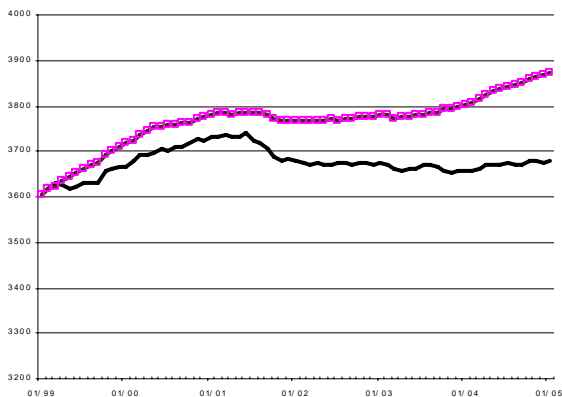
Chicago & National Manufacturing Employment



Illinois & National Construction



Chicago & National Non-manufacturing Employment



* Black lines show Chicago indicators.
National indicators are rescaled for comparison.

Economic Activity: Summary

Percentage change compared to the previous period

Months ago	National			Chicago		
	12	3	1	12	3	1
Mfgn	0.22	-0.21	-0.14	-0.23	-0.03	0.08
NMfgn	1.88	0.38	0.13	0.70	0.07	0.18
Cons	2.50	1.56	-14.75	3.38	-5.44	-16.28
Retail	7.13	0.61	-0.43	2.37	-0.30	-1.20

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 principle components regression method, directs attention to the relationship between local and national business cycle.

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