

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in October

The Chicago Business Activity Index (CBAI) was 0.252 in October. This was mainly attributed to the increase of manufacturing production 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 will continue to grow. And CBAI prediction also indicates growth over the next 12 months higher than last 12 months.

In October, the national economy presented several good features. The coincident index of the Conference Board increased 0.1 percent. Manufacturing and non-manufacturing employment were up 0.1 percent and 0.04 percent, respectively. However, construction and retail sales decreased 8.9 percent and 0.2 percent, respectively.

The economic performance in Chicago also showed some positive features in October. Chicago Fed Midwest manufacturing production and non-manufacturing employment increased 1.8 percent and 0.2 percent, respectively. However, construction, retail sales and manufacturing employment decreased 7.6 percent, 1.6 percent and 0.2 percent, respectively

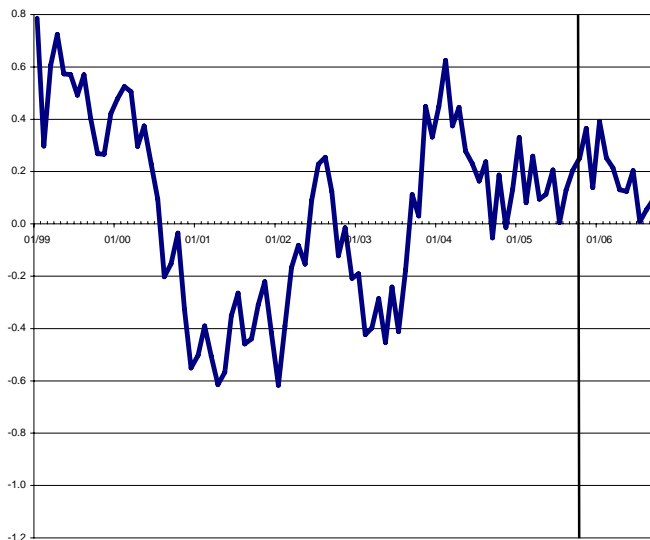
The national economy and regional economy are expected to continue on an economic expansion. The leading index of the Conference Board increased 0.9 percent in October and its consumer confidence index in November rose to 98.9, up from 85.2. And the robust economic growth in the third quarter (4.3 percent) and rebound in job gains in November (215,000) indicate that the economy is moving along quite strongly. However, the sharp increase of prices paid index in the Midwest (the National Association of Purchasing Management-Chicago), which surged to 94.1 from 79.6 in November, predicts shallow profits in the Chicago region and generates concern about relatively unfavorable business condition of the local economy compared with the nation as a whole.

Chicago Business Activity Index

Release Date:
December 15, 2005

Next Release Date:
January 16, 2006

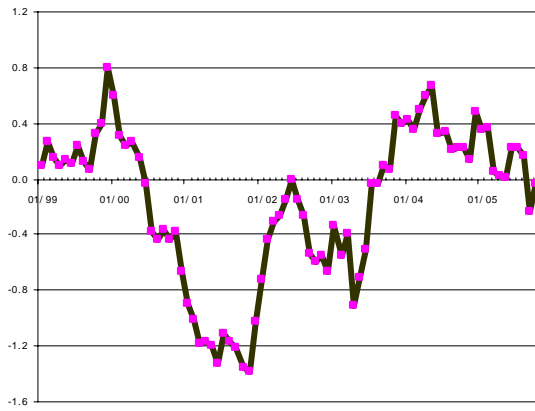
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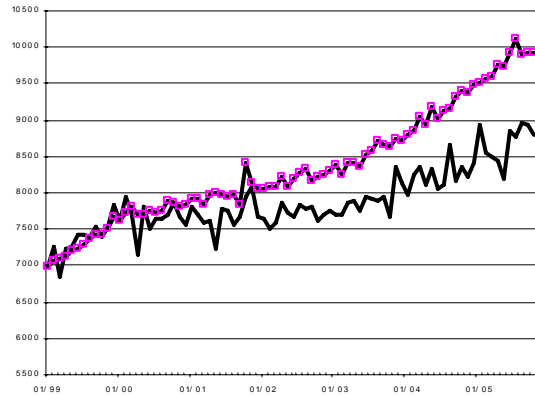
CBAI (Current: 0.252)			
	1 month	3 month	1 year
Historical (ago)	0.205	0.005	0.187
Forecast (ahead)	0.365	0.391	0.181

Chicago Business Activity Index

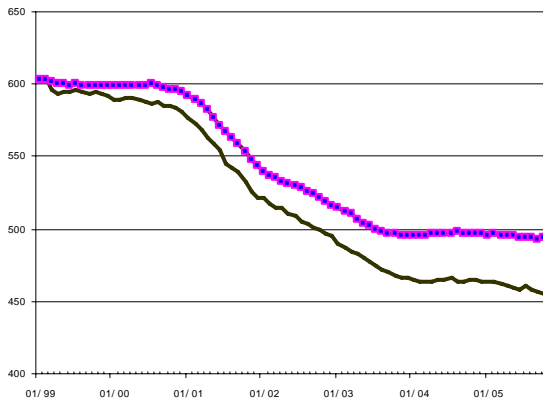
Chicago Fed National Activity Index (CFNAI-M A3)



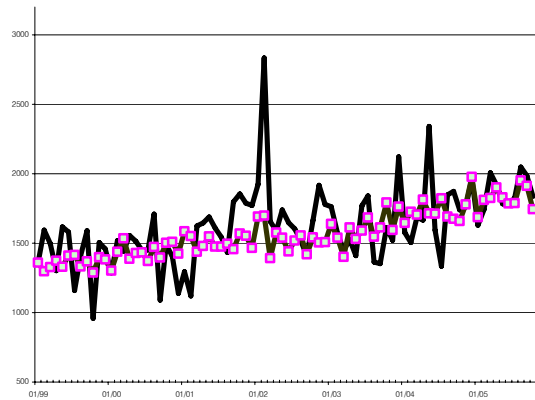
Chicago & National Retail Sales



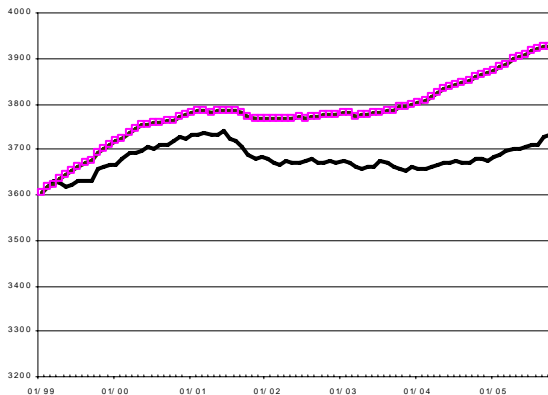
Chicago & National Manufacturing Employment



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	-0.70	-0.18	0.08	-1.93	-1.21	-0.18
NMfgn	1.70	0.19	0.04	1.52	0.66	0.18
Cons	5.09	-2.45	-8.87	5.55	0.47	-7.58
Retail	5.53	-2.01	-0.17	5.21	0.34	-1.60

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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