

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in March

The Chicago Business Activity Index (CBAI) was 0.334 in March, the eighth consecutive positive reading since August 2005. 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. The CBAI prediction also indicates growth over the next 12 months will be higher than the last 12 months.

In March, the national economy presented several favorable features. The coincident index of the Conference Board increased 0.2 percent. Retail sales and non-manufacturing employment rose 0.7 percent and 0.2 percent, respectively. However, construction decreased 1.7 percent.

The economic performance in Chicago showed several good features in March. Manufacturing production and non-manufacturing employment increased 0.6 percent and 0.1 percent, respectively. However, construction and manufacturing employment decreased 3.7 percent and 0.6 percent, respectively.

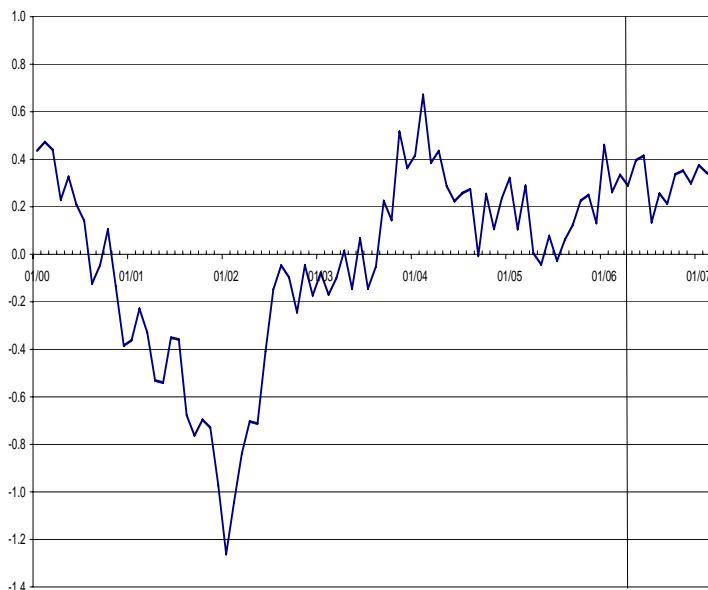
The national economy and regional economy are expected to continue on an economic expansion. Even though the leading index of the Conference Board in March decreased 0.1 percent, the consumer confidence index of the Conference Board in April rose to 109.6 from 107.5, the highest level since May 2002, and the national economy created 138,000 jobs in April. For the local economy, considering the favorable national economic conditions, the Chicago region is also expected to continue on an expansion trend. However, Chicago's relatively weak economic performance compared with the nation as a whole in March generate concern as to whether the Chicago region will maintain the momentum for continued expansion.

Chicago Business Activity Index

Release Date:
May 21, 2006

Next Release Date:
June 19, 2006

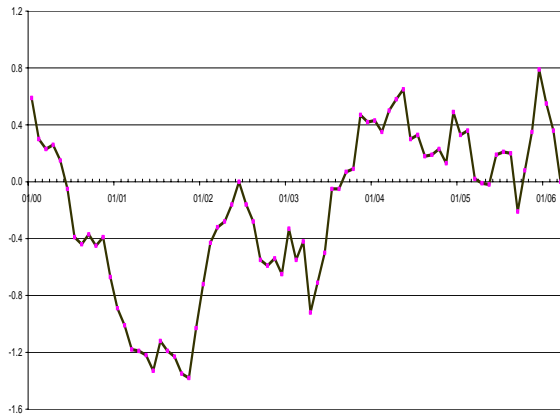
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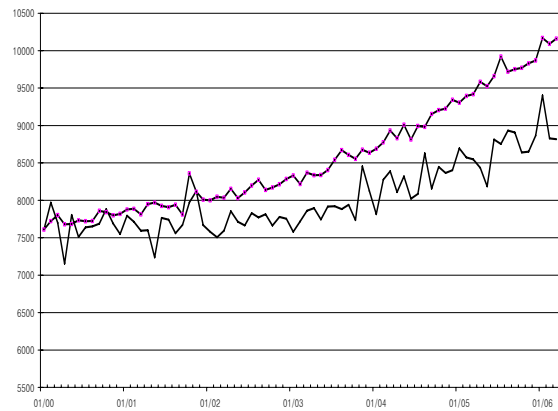
CBAI (Current: 0.334)			
	1 month	3 month	1 year
Historical (ago)	0.262	0.131	0.289
Forecast (ahead)	0.289	0.415	0.321

Chicago Business Activity Index

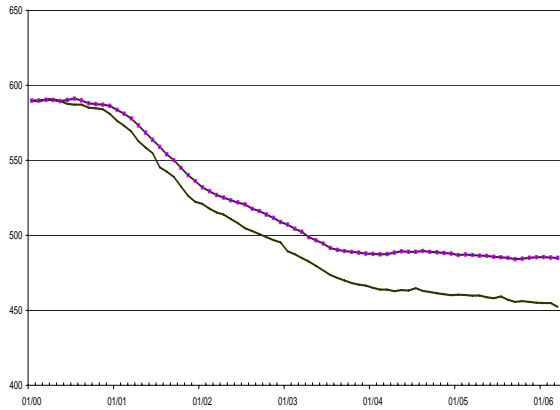
Chicago Fed National Activity Index (CFNAI-MA3)



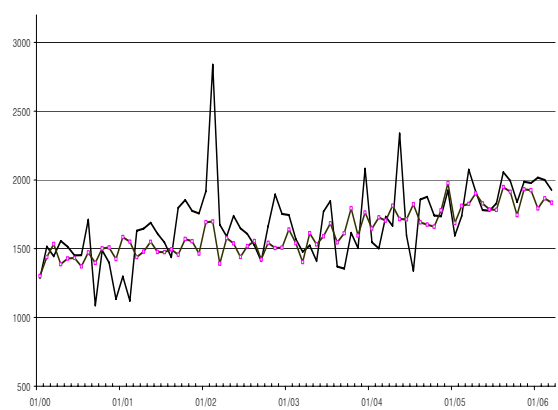
Chicago & National Retail Sales



Chicago & National Manufacturing Employment

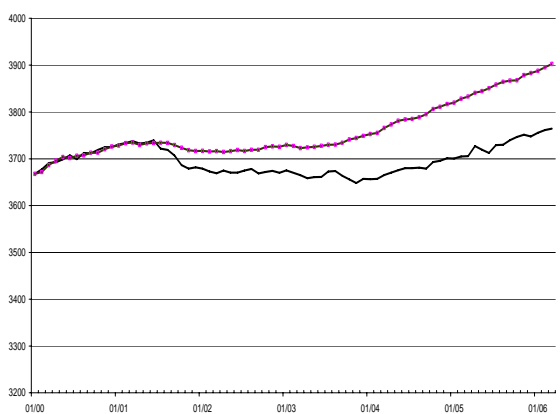


Illinois & National Construction



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

Chicago & National Non-manufacturing Employment



Economic Activity: Summary

Percentage change compared to the previous period

	National			Chicago		
	12	3	1	12	3	1
Mfgn	-0.39	-0.07	-0.04	-1.64	-0.61	-0.56
NMfgn	1.81	0.50	0.18	1.59	0.45	0.08
Cons	0.49	-4.70	-1.72	-7.21	-2.66	-3.71
Retail	7.89	2.96	0.67	3.17	-0.53	-0.13

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.

REGIONAL | ECONOMICS | APPLICATIONS | LABORATORY

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