

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in June

The Chicago Business Activity Index (CBAI) was 0.439 in June, the eleventh consecutive positive reading since August 2005. This was mainly attributed to the increase of construction and manufacturing production. 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 in economic activity over the next 12 months will be higher than its historical trend.

In June, the national economy presented some good features. The coincident index of the Conference Board, manufacturing employment, and non-manufacturing employment increased 0.2 percent, 0.2 percent, and 0.1 percent, respectively. However, retail sales decreased 0.4 percent.

The economic performance in Chicago showed some positive features in June. The Chicago Fed Midwest manufacturing production rose 0.7 percent, after decreasing 0.1 percent in May, and construction increased 1.1 percent. However, the overall labor market experienced a second consecutive month of job losses, mainly due to the decrease (0.04 percent) in the non-manufacturing sector.

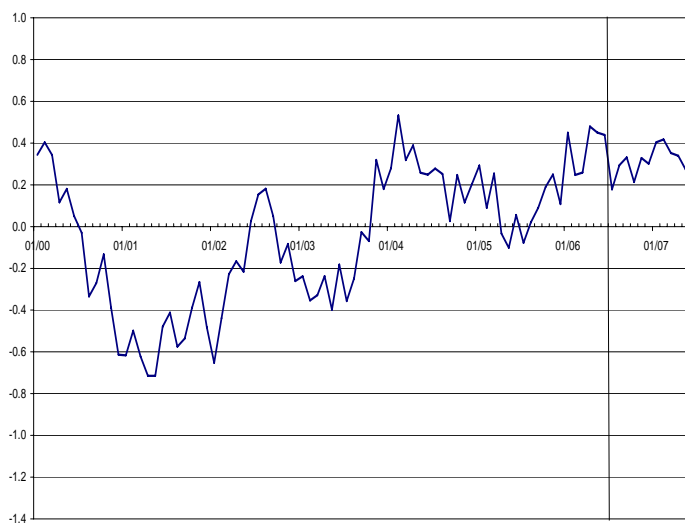
The national economy and regional economy are expected to show economic growth, but at a slow to moderate rate in the near term. The leading index of the Conference Board in June increased slightly (0.1 percent), following two consecutive declines. However, the slow economic growth in the second quarter (2.5 percent) and unexpectedly weak job gains (113,000) in July indicate that the national economy will be in for a period of slower growth. For the local economy, considering the moderate growth for the nation as a whole and Chicago's disappointing job losses in recent months, the strengths of economic performance will gradually become weaker. Sustained high energy prices are likely to place an increasing burden on both the national and regional economy.

Chicago Business Activity Index

Release Date:
August 15, 2006

Next Release Date:
September 15, 2006

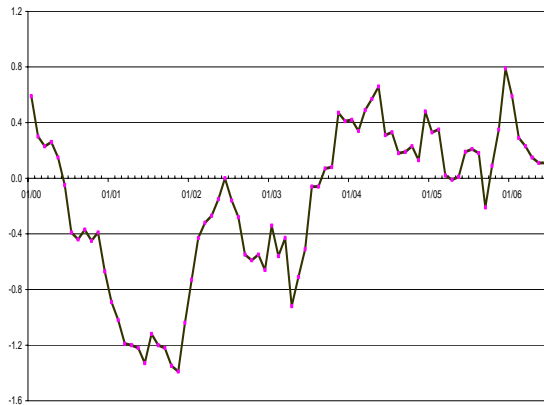
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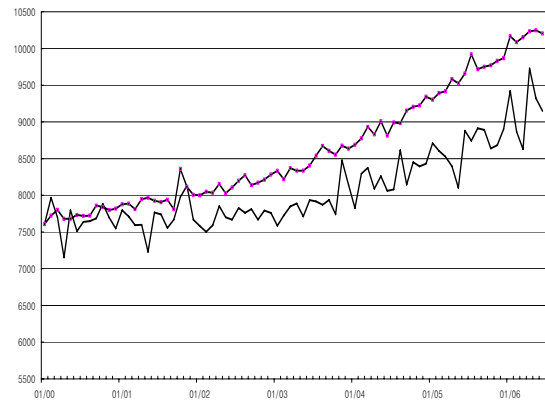
CBAI (Current: 0.439)			
	1 month	3 month	1 year
Historical (ago)	0.450	0.259	0.056
Forecast (ahead)	0.178	0.332	0.323

Chicago Business Activity Index

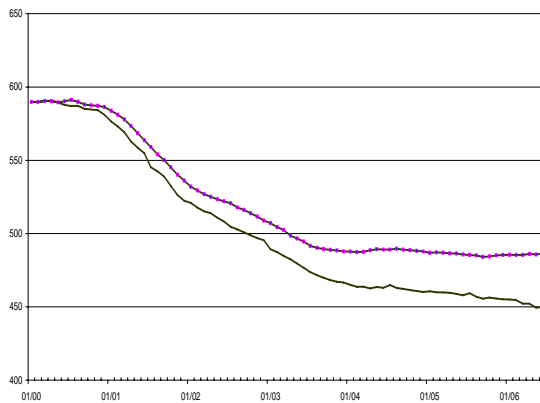
Chicago Fed National Activity Index (CFNAI-MA3)



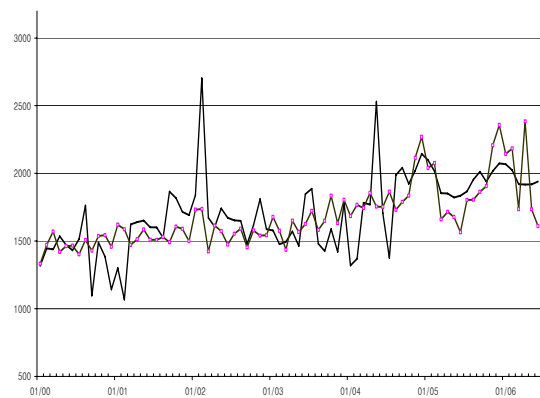
Chicago & National Retail Sales



Chicago & National Manufacturing Employment

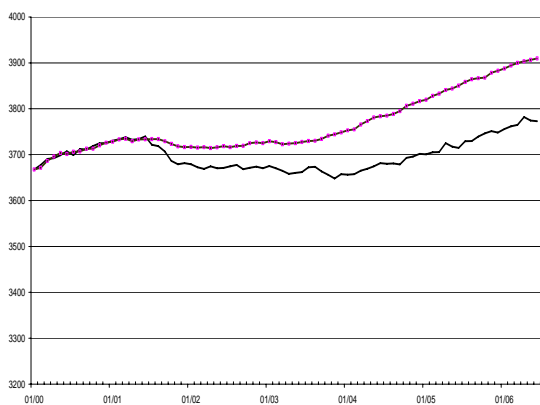


Illinois & National Construction



* 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

Months ago	National			Chicago		
	12	3	1	12	3	1
Mfgn	0.16	0.22	0.15	-1.74	-0.52	0.08
NMfgn	1.55	0.25	0.08	1.57	0.22	-0.04
Cons	2.87	-7.20	-7.17	5.79	1.05	1.12
Retail	5.64	0.49	-0.42	3.01	5.99	-1.86

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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