

CHICAGO BUSINESS ACTIVITY INDEX

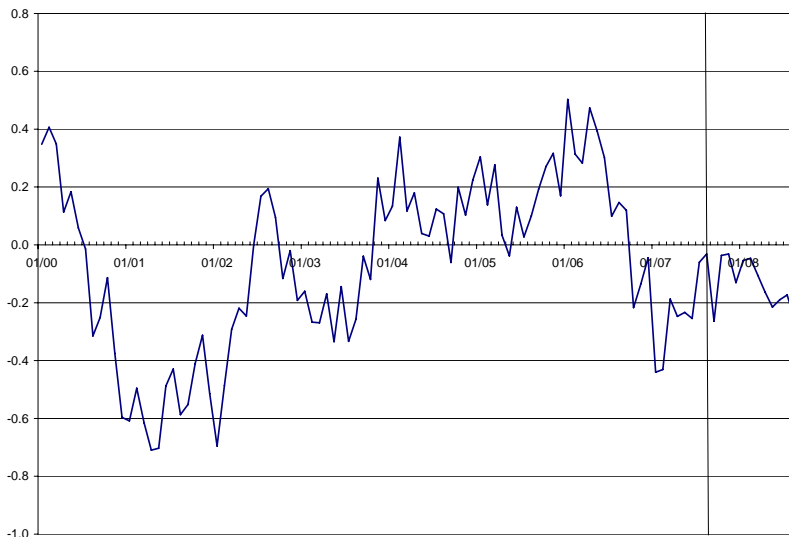
CBAI fell in August

The Chicago Business Activity Index (CBAI) was -0.032 in August, the eleventh consecutive negative reading since October 2006. This was mainly attributed to the negative contribution from manufacturing and construction in addition to the weak performance of the national economy. Considering that the CBAI leads the local business cycle and negative values of this index are associated with below-trend growth, the Chicago economy will experience below trend growth over the next 12 months.

In August, the national economy showed relatively weak features. The Chicago Fed National Activity Index was -0.57, down from 0.03 in July and the Federal Reserve Board’s industrial production index for manufacturing (IPMFG) was down 0.3 percent. The housing starts announced by US Census Bureau also decreased by 3.2 percent. The economic performance in Chicago presented mixed features. The retail sales increase 2.91 percent. However, the manufacturing production and construction decreased 0.49 percent and 0.39 percent respectively.

The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the consumer sentiment remains weak according to the consumer confidence surveyed by the University of Michigan and the leading index of the conference Board decreased 0.6 percent, though the financial turmoil caused by sub prime mortgage was mitigated by the recent interest rate cut of the Federal Reserve Board. For the local economy, the CBAI index suggests that economic growth will be below its historical trend, in large part because of the slowing national economic activity.

Chicago Business Activity Index



Release Date:
October 17, 2007

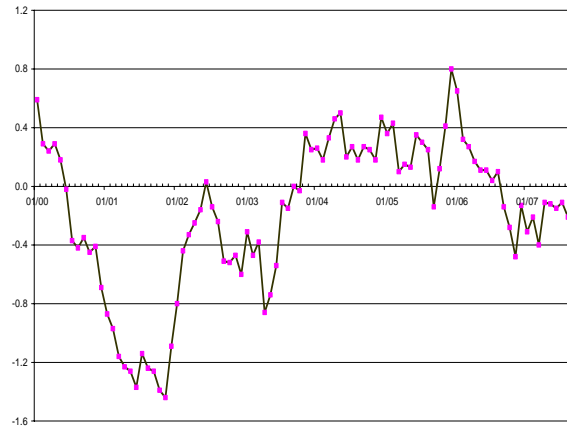
Next Release Date:
November 15, 2007

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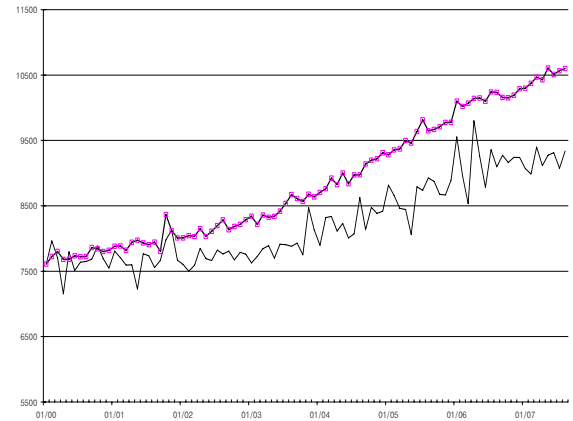
CBAI (Current: -0.032)			
	1 month	3 month	1 year
Historical (ago)	-0.060	-0.234	0.147
Forecast (ahead)	-0.264	-0.032	-0.257

Chicago Business Activity Index

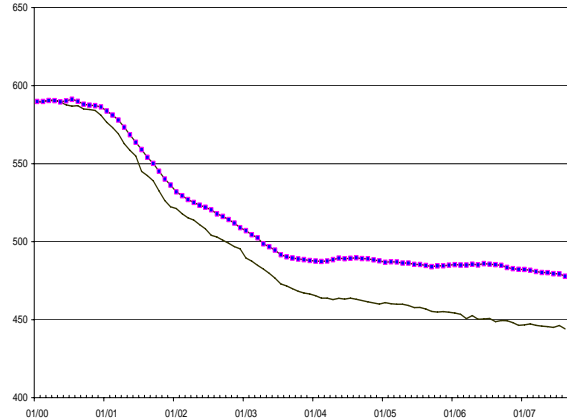
Chicago Fed National Activity Index (CFNAI-MA3)



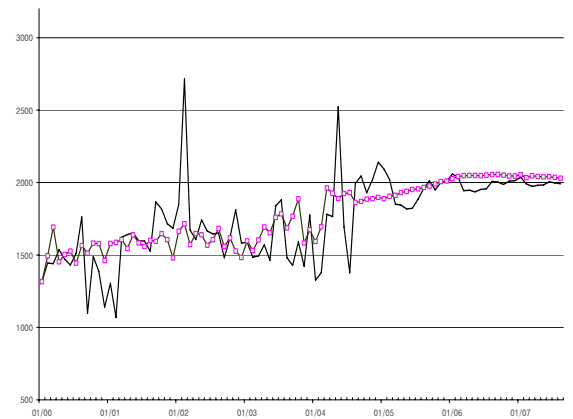
Chicago & National Retail Sales



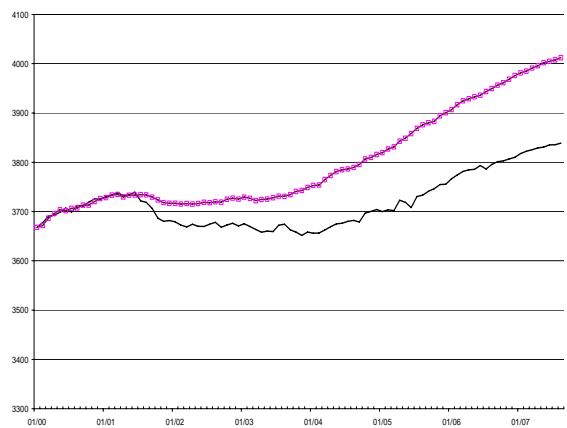
Chicago & National Manufacturing Employment



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	-1.53	-0.48	-0.32	-1.04	-0.33	-0.49
NMfgn	1.58	0.26	0.11	1.13	0.21	0.09
Cons	-1.19	-0.42	-0.29	-0.85	0.32	-0.39
Retail	3.57	-0.04	0.33	2.64	0.70	2.91

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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