

CHICAGO BUSINESS ACTIVITY INDEX

CBAI fell in September

The Chicago Business Activity Index (CBAI) was -0.248 in September, the twelfth consecutive negative reading since October 2006. This was mainly attributed to the negative contribution from the national economy as well as the weak performance of manufacturing and construction. 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 September, the national economy showed relatively weak features. The Chicago Fed National Activity Index was -0.45, up from -0.68 in August. The decrease of housing starts, announced by US Census Bureau, also widened to 10.2 percent from 3.2 percent in August. The economic performance in Chicago presented mixed features. Retail sales increased 0.54 percent. However, manufacturing production and construction decreased 0.36 percent and 0.26 percent respectively.

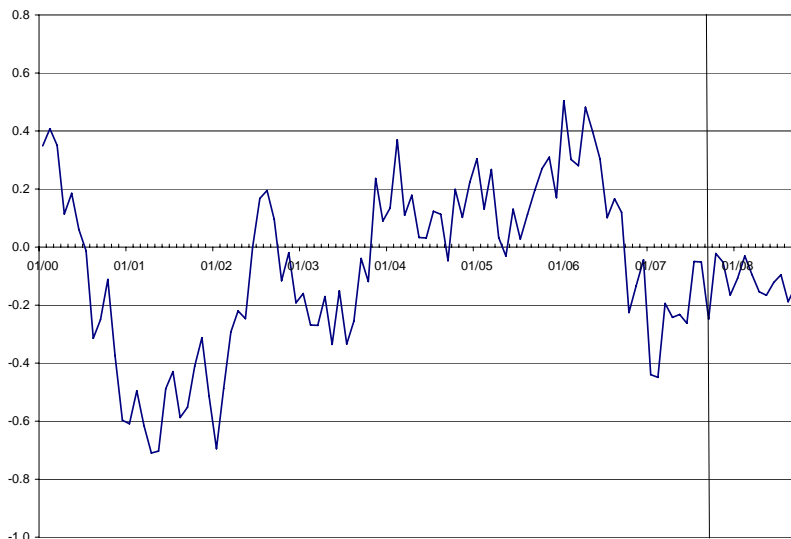
The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the consumer sentiment remains weak according to the consumer confidence surveyed by the University of Michigan mainly due to falling home prices as well as higher food and fuel prices. Recently, Ben S. Bernanke, chairman of the Federal Reserve, told Congress that “the economy is going to get worse before it gets better.” 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:
November 15, 2007

Next Release Date:
December 15, 2007

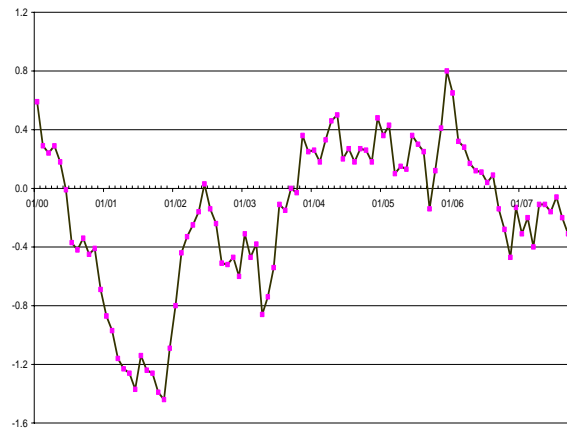
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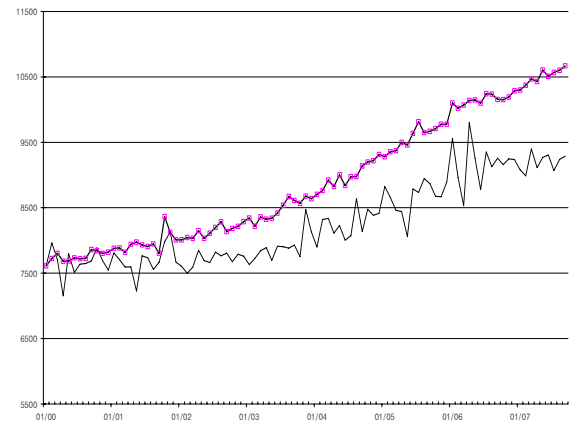
CBAI (Current: -0.248)			
	1 month	3 month	1 year
Historical (ago)	-0.051	-0.263	0.120
Forecast (ahead)	-0.022	-0.166	-0.137

Chicago Business Activity Index

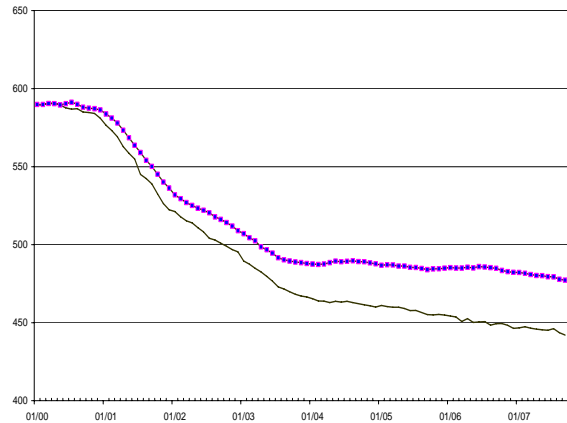
Chicago Fed National Activity Index (CFNAI-MA3)



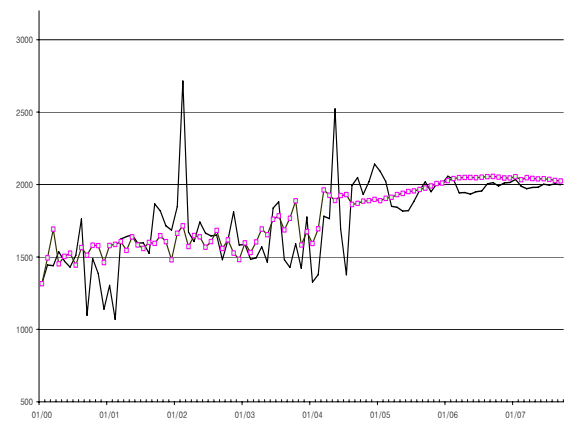
Chicago & National Retail Sales



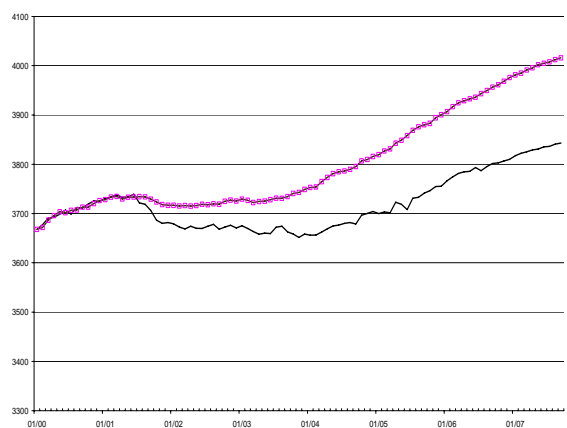
Chicago & National Manufacturing Employment



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	-1.56	-0.47	-0.12	-1.62	-0.69	-0.36
NMfgn	1.50	0.28	0.09	1.10	0.20	0.06
Cons	-1.54	-0.77	-0.18	-0.70	-0.11	-0.26
Retail	5.06	1.54	0.65	0.36	-0.16	0.54

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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For more information please contact:
Donghun Joo, Research Assistant
T. 217/244-7226; djoo2@uiuc.edu

University of Illinois
220 Davenport Hall, 607 S. Mathews Ave.
Urbana, IL 61801-3671, www.real.uiuc.edu