

CHICAGO BUSINESS ACTIVITY INDEX

CBAI fell in November 2006

The Chicago Business Activity Index (CBAI), which had decreased in the previous month, fell again to -0.10 in November 2006. This was mainly attributed to the decrease of manufacturing employment, and to the weak national economic performance. Considering that the CBAI leads the local business cycle and negative values of this index are associated with below-trend growth, the Chicago economy is likely to be losing momentum for the expansion in the near term. The CBAI prediction also suggests the economic activity in Chicago will be sluggish at least in the first half of this year.

In November, the national economy remained weak. Although the retail sales increased 1.1 percent, the construction and manufacturing employment continued to decrease 1.8 percent and 0.1 percent, respectively. Further, the consumer confidence index of the Conference Board declined to 102.9 from 105.1 in October.

The economic performance in Chicago showed mixed features in November. Construction and retail sales increased 1.6 percent and 1.4 percent. However, manufacturing employment decreased 0.1 percent.

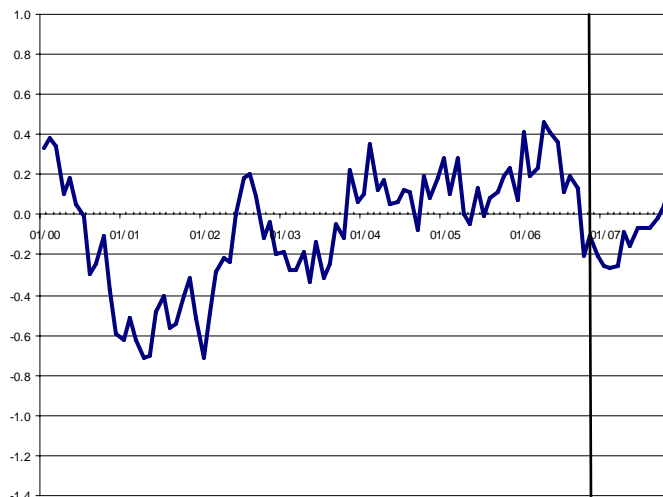
The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the Chicago Fed National Activity Index (-0.26) indicated below-trend growth for the nation's economy. The labor market is also showing some signs of weakness. The job gain for all of 2006 was 1.8 million, down from about 2.0 million in 2005. For the local economy, the Chicago business barometer of the National Association of Purchasing Management-Chicago fell to neutral (49.9), signaling the end of a nearly 4 year report of economic growth. However, the recent pickup in job growth (167,000 increase in December) in the national labor market and lower energy prices could make a positive contribution to regain the strength of growth in both the national and local economy.

Release Date:
January 15, 2007

Next Release Date:
February 15, 2007

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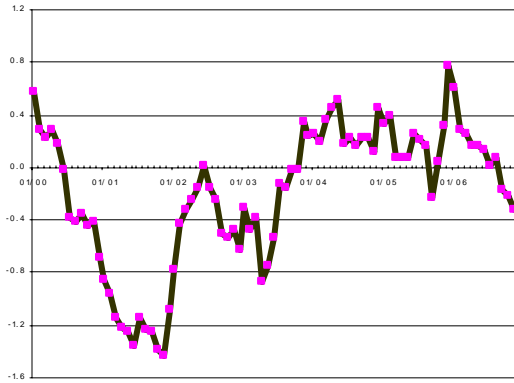
Chicago Business Activity Index



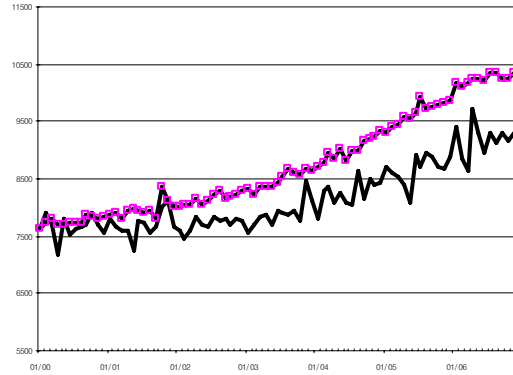
CBAI (Current: -0.104)			
	1 month	3 month	1 year
Historical (ago)	-0.203	0.197	0.238
Forecast (ahead)	-0.208	-0.266	0.163

Chicago Business Activity Index

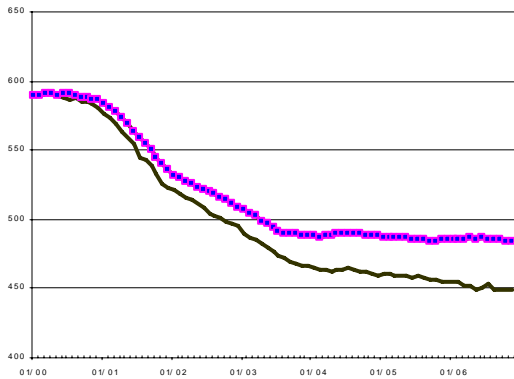
Chicago Fed National Activity Index (CFNAI-MA3)



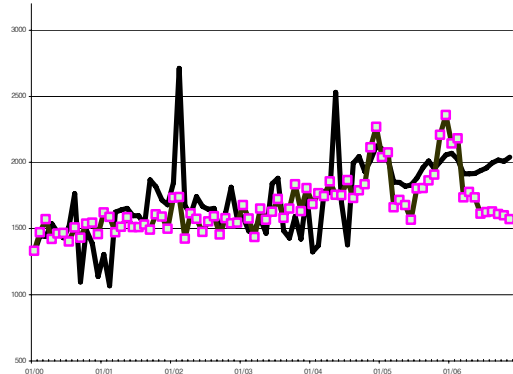
Chicago & National Retail Sales



Chicago & National Manufacturing Employment

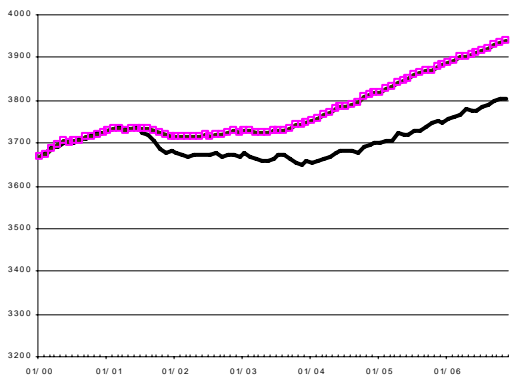


Illinois & National Construction



* 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	-0.37	-0.49	-0.14	-1.53	-0.19	-0.10
NMfgn	1.56	0.42	0.14	1.41	0.42	0.06
Cons	-28.82	-3.50	-1.76	1.63	2.13	1.56
Retail	5.26	0.18	1.07	7.07	1.91	1.36

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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