

CHICAGO BUSINESS ACTIVITY INDEX

CBAI fell in February

The Chicago Business Activity Index (CBAI) was -0.336 in February, the fifth consecutive negative reading since October 2006. This was mainly attributed to the strong negative contribution in the construction and national economic performance, although the other three broad categories of indicators (employment, retail sales, and production) made positive contributions. Considering that the CBAI leads the local business cycle and negative values of this index are associated with below-trend growth, the Chicago economy likely continues to be on a downward trend. The CBAI prediction also suggests that the Chicago economy will remain weak over the next 12 months.

In February, the national economy showed mixed features. The Chicago Fed National Activity Index was 0.03, up from -0.72 in January, while the coincident index of the Conference Board increased 0.3 percent. However, the job gains decreased to 97,000, which was the smallest since January 2005.

The economic performance in Chicago remained mixed in February. Construction decreased 1.4 percent. However, the Chicago Fed Midwest Manufacturing Index and retail sales increased 0.9 percent and 1.7 percent, respectively.

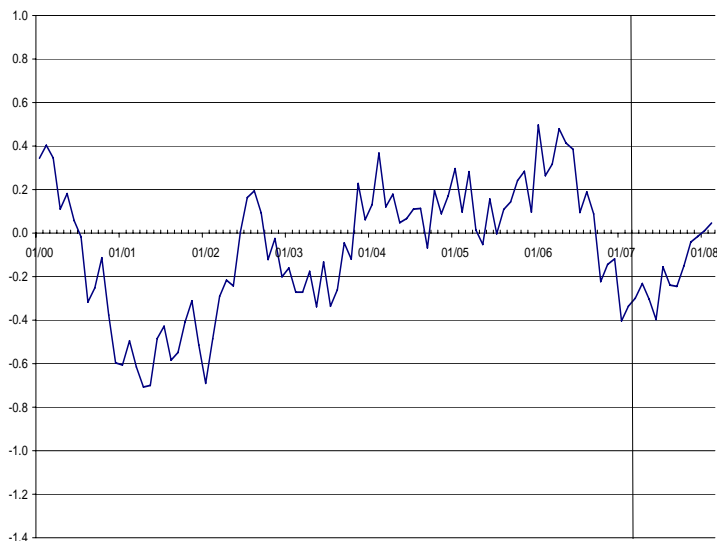
The national economy and regional economy seem to remain on a slower economic growth trend. For the national economy, the recent turmoil in financial markets (especially the sub-prime mortgage market) coupled with the rising gasoline prices has increased concerns about the outlook for the overall economy. Reflecting the diminishing expectation, Consumer Sentiment estimated by University of Michigan Surveys of Consumers fell in March (91.3 → 88.4), hitting a six-month low. 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:
April 17, 2007

Next Release Date:
May 15, 2007

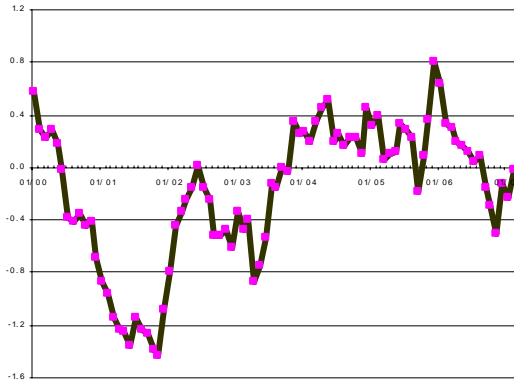
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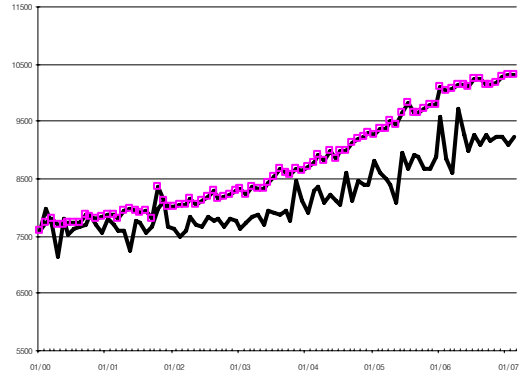
CBAI (Current: -0.336)			
	1 month	3 month	1 year
Historical (ago)	-0.404	-0.144	0.264
Forecast (ahead)	-0.299	-0.305	0.046

Chicago Business Activity Index

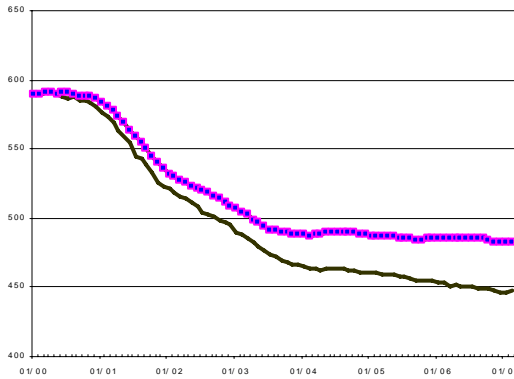
Chicago Fed National Activity Index (CFNAI-MA3)



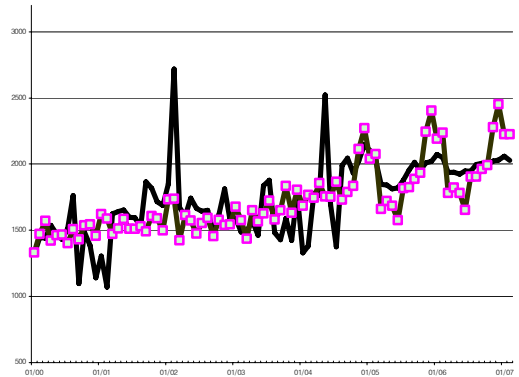
Chicago & National Retail Sales



Chicago & National Manufacturing Employment

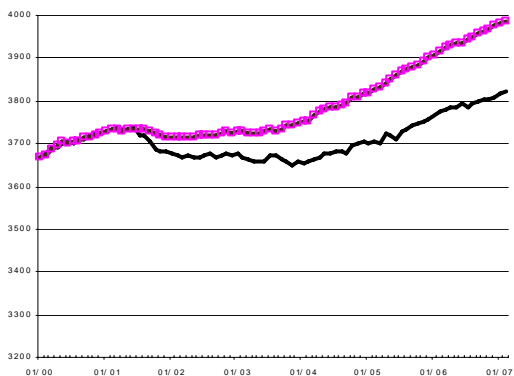


Illinois & National Construction



* 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	-0.65	-0.17	-0.08	-1.46	-0.25	0.10
NMfgn	1.75	0.43	0.10	1.27	0.43	0.13
Cons	-0.57	-2.41	-0.02	-0.98	0.30	-1.42
Retail	2.99	1.28	0.22	4.20	-0.12	1.72

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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