

CHICAGO BUSINESS ACTIVITY INDEX

CBAI fell in November

Note: From last month, the index has been recalibrated so that the reference point will be 100. However, there is no change in interpretation of the index except the reference point is 100 instead of 0 and indices are rescaled accordingly.

The Chicago Business Activity Index (CBAI) was 93.5 in November, the fourteenth consecutive below the long-term trend reading since October 2006. This was mainly attributed to the negative contribution from the consumption and manufacturing production as well as the relatively weak national economy. Considering that the CBAI leads the local business cycle and the values of this index under 100 are associated with below-trend growth, the Chicago economy will experience below trend growth over the next 12 months.

In November, the national economy showed mixed features. The Chicago Fed National Activity Index was -0.27, up from -0.89 in October. However, the coincident index announced by the Conference Board increased 0.2 percent and the Federal Reserve Board’s industrial production index for manufacturing (IPMFG) was also up 0.5 percent. The economic performance in Chicago presented weak features in November. The retail sales and manufacturing production decreased 1.4 percent and 0.33 percent respectively.

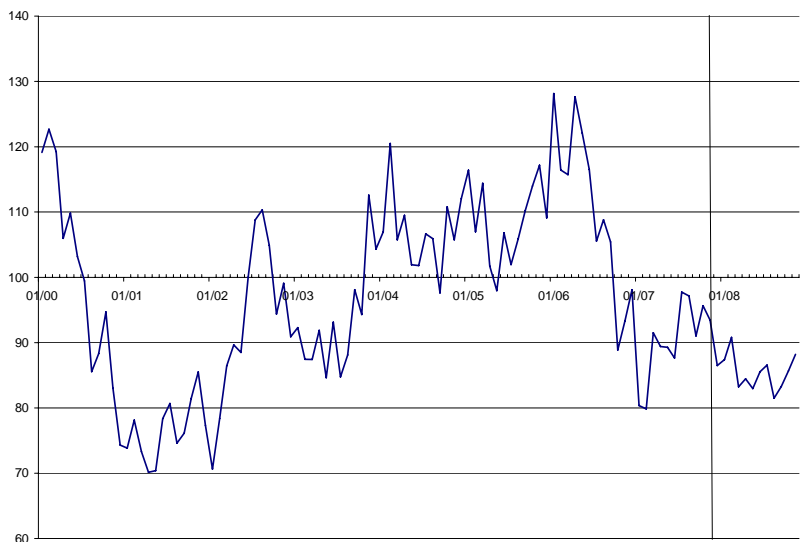
The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the Conference Board’s leading indicator decreased 0.4 percent and the Index of Consumer Sentiment remained at a two year low, 75.5. The Surveys of Consumers report said that “the risk that a recession develops is uncomfortably high.” 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:
January 16, 2008

Next Release Date:
February 15, 2008

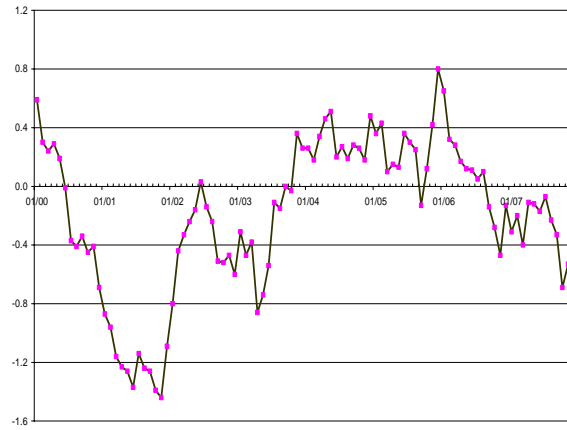
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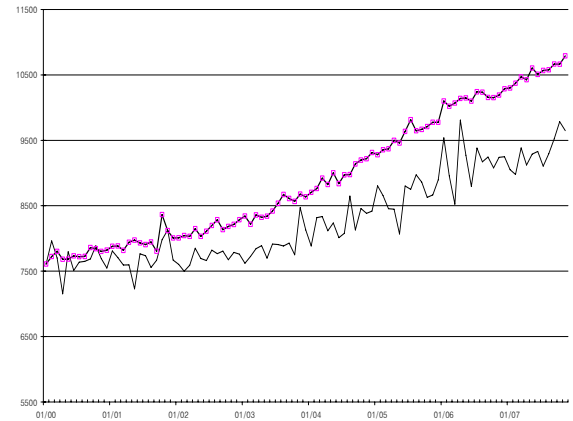
CBAI (Current: 93.5)			
	1 month	3 month	1 year
Historical (ago)	95.7	97.2	93.3
Forecast (ahead)	86.5	90.8	88.2

Chicago Business Activity Index

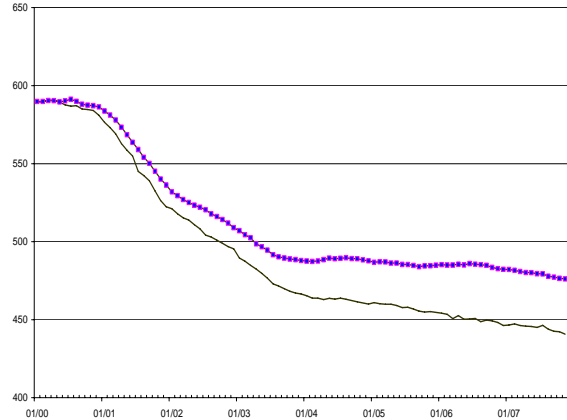
Chicago Fed National Activity Index (CFNAI-MA3)



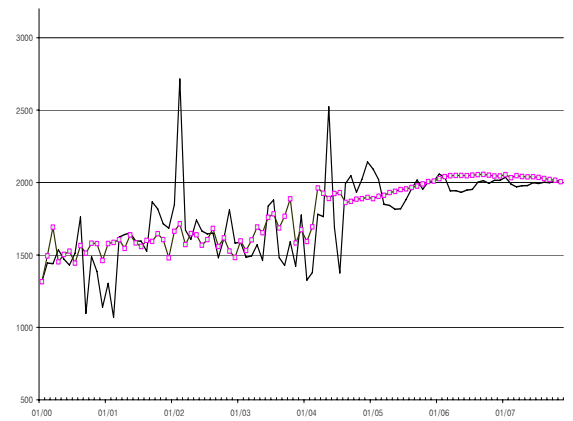
Chicago & National Retail Sales



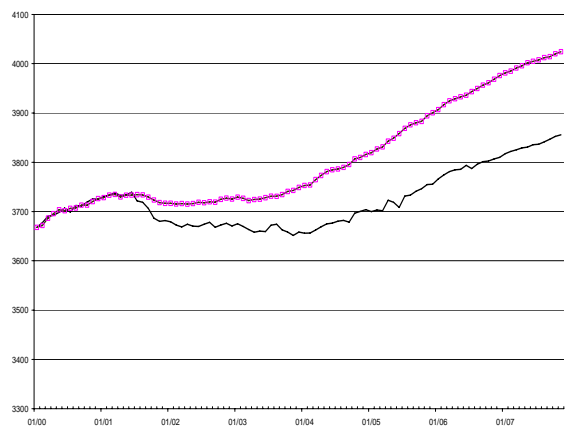
Chicago & National Manufacturing Employment



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	-1.36	-0.36	-0.09	-1.65	-0.72	-0.33
NMfgn	1.41	0.30	0.10	1.29	0.37	0.08
Cons	-1.89	-1.08	-0.49	0.05	0.70	0.30
Retail	5.89	2.02	1.19	4.41	3.80	-1.40

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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