

CHICAGO BUSINESS ACTIVITY INDEX

CBAI fell in November 2008

The Chicago Business Activity Index (CBAI) was 46.3 in November 2008, continuing a reading far below the long-term trend. This was mainly attributed to the weak national economy and the negative contribution of production and construction activities.

In November 2008, the national economy showed weak features, compared to the previous month. The Chicago Fed National Activity Index (CFNAI) was -2.47 in November, down from -1.27 in October while the Federal Reserve Board’s industrial production index for manufacturing (IPMFG) dropped 1.4 percent in November. The number of unemployed persons increased by 255,000 and the unemployment rate rose from 6.6 percent to 6.8 percent in November. The economic performance in the Chicago region also presented weak features. Manufacturing, non-manufacturing and construction employment in the Chicago region decreased 0.6 percent, 0.4 percent and 1.35 percent respectively. The Chicago Fed Midwest Manufacturing Index (CFMMI) declined 1.6 percent in November for the fourth consecutive month.

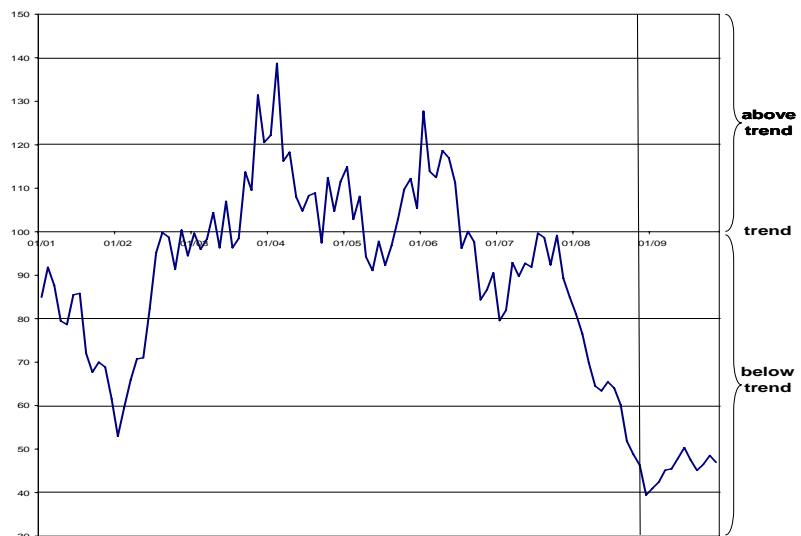
The national economy and regional economy are expected to continue on a significant contraction path mainly due to persistently sluggish domestic demand. For the national economy, no turnaround in the labor market is to be expected in the near future: the Conference Board’s Employment Trends Index (ETI) dropped 1.6 percent in December and the Bureau of Labor Statistics announced that the job openings’ rate was 2.0 percent on the last business day of November, trending downward for the past 14 months. The Conference Board’s Consumer Confidence Index declined to 38.0, a new all-time low in December 2008. For the local economy, considering that the CBAI leads the local business cycle and the values of this index under 100 are associated with below-trend growth, Chicago economy is seen to slow down at a rapid pace over the next 12 months.

Chicago Business Activity Index

Release Date:
January 20, 2009

Next Release Date:
February 16, 2009

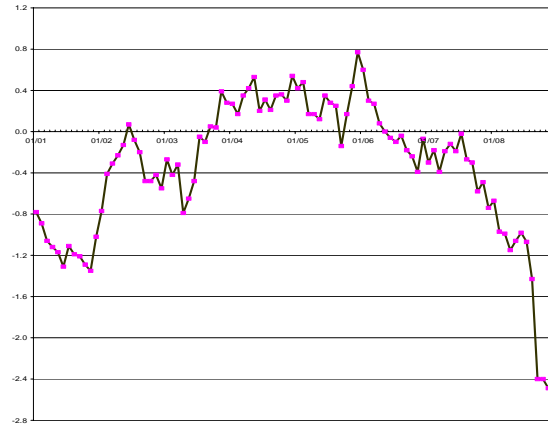
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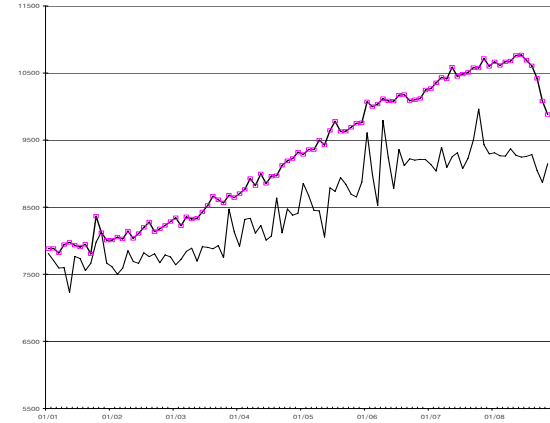
CBAI (Current: 46.3)			
	1 month	3 month	1 year
Historical (ago)	48.8	60.2	89.3
Forecast (ahead)	39.4	42.5	47.0

Chicago Business Activity Index

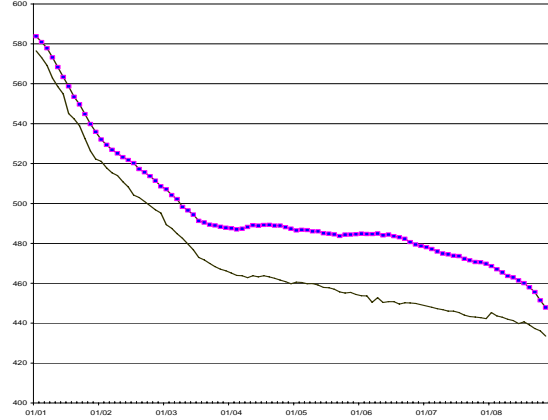
Chicago Fed National Activity Index (CFNAI-MA3)



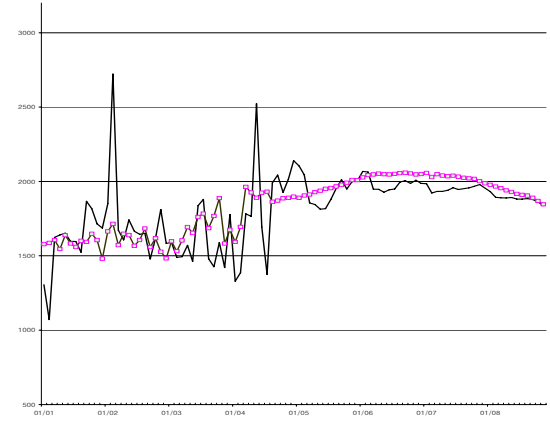
Chicago & National Retail Sales



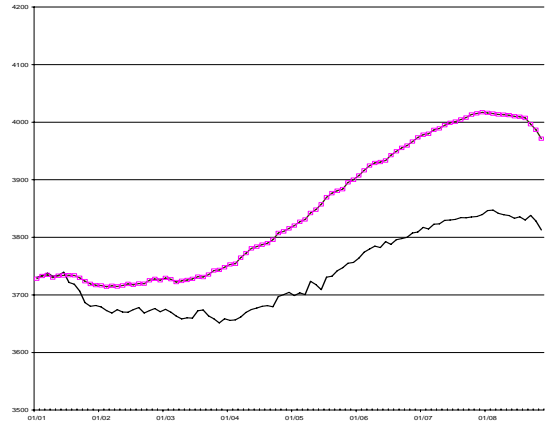
Chicago & National Manufacturing Employment



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	-4.81	-2.20	-0.79	-2.09	-1.28	-0.60
NMfgn	-1.09	-0.90	-0.39	-0.61	-0.45	-0.40
Cons	-7.79	-3.06	-1.21	-7.20	-2.54	-1.35
Retail	-7.79	-6.84	-1.99	-3.01	-1.47	3.15

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 principal components regression method, directs attention to the relationship between local and national business cycle.

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