

CHICAGO BUSINESS ACTIVITY INDEX

CBAI held steady in February

The Chicago Business Activity Index (CBAI) was 30.3 in February, up slightly from 29.0 in January. The index still continued to be far below the long-term trend, suggesting little signs of any imminent recovery. Slight moderation of the abrupt slowdown in February was mainly attributed to the positive contribution of consumption, while production and construction activities continued to decline in February.

In February, the national and regional economy showed weak features generally. The Chicago Fed National Activity Index (CFNAI) was -2.83 in February, up from -3.74 in January. Nevertheless, the Federal Reserve Board’s industrial production index fell 1.4 percent, declining now for 4 consecutive months. The unemployment rate continued to trend upward in February: the unemployment rate was 8.1 percent in February, up from 7.6 percent in January. The Chicago Fed reported that output in Midwest region was down 22.2 percent in February from a year earlier-lower than the 13.8 percent decrease in national output. Manufacturing, non-manufacturing and construction employment in the Chicago region decreased 1.84 percent, 0.35 percent and 0.45 percent respectively while retail sales in the region increased 1.76 percent in February.

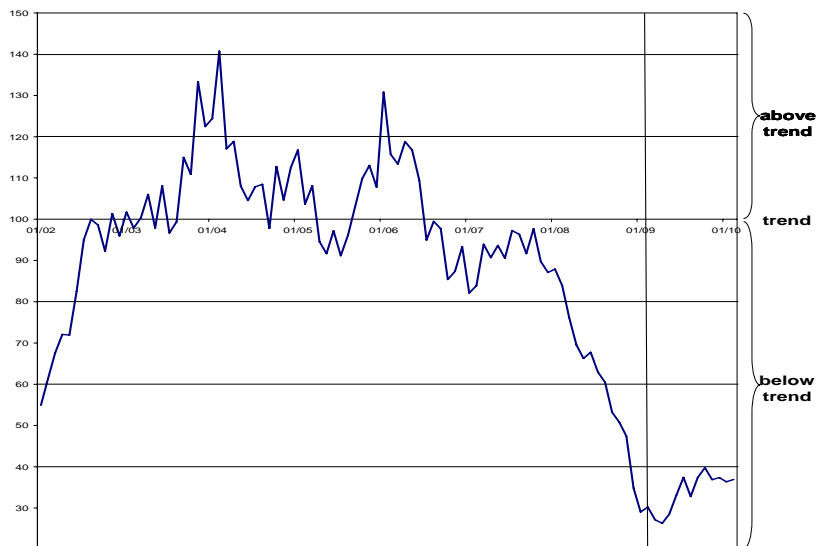
The national economy is not expected to regain its growth momentum in the near future as employment conditions and corporate investment sentiment are unlikely to improve in the short run. In March, the Conference Board’s Employment Trends Index (ETI) decreased 2.3 percent from February. The sharp decline of ETI in recent months signals that significant job loss will continue in the near future. Also, the Federal Reserve Board’s capacity utilization rate for total industry fell to 70.9 percent in February, matching the historical low for this series, which was recorded in December 1982. 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 expected to keep contracting over the next 12 months.

Chicago Business Activity Index

Release Date:
April 20, 2009

Next Release Date:
May 15, 2009

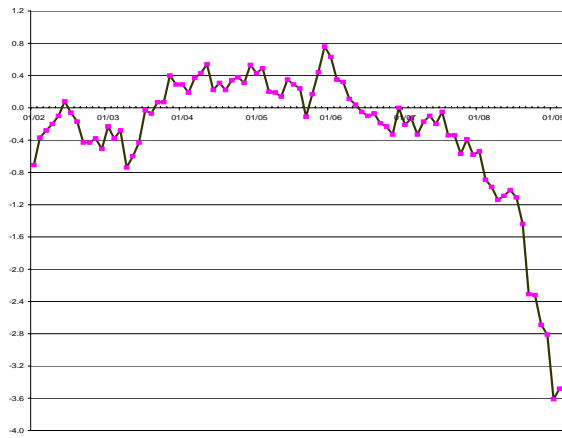
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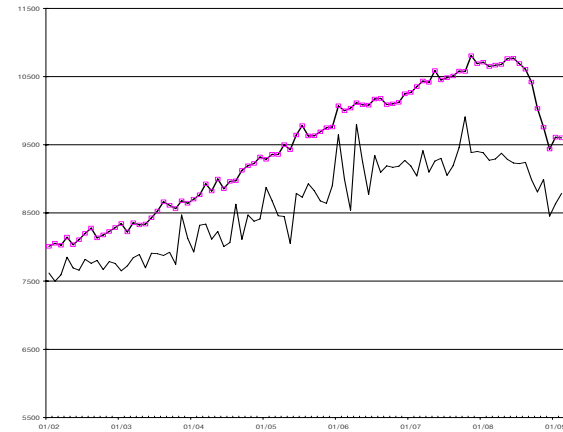
CBAI (Current: 30.3)			
	1 month	3 month	1 year
Historical (ago)	29.0	47.4	83.9
Forecast (ahead)	27.2	28.5	36.9

Chicago Business Activity Index

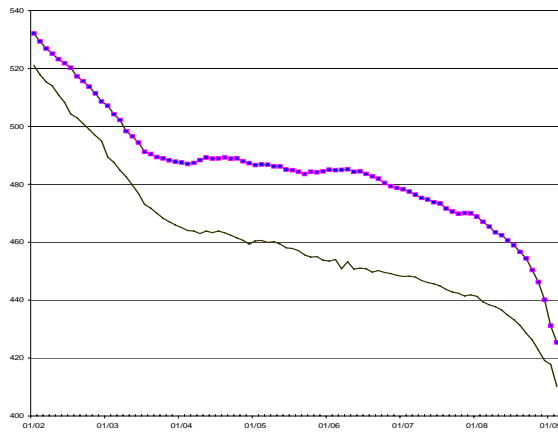
Chicago Fed National Activity Index (CFNAI-MA3)



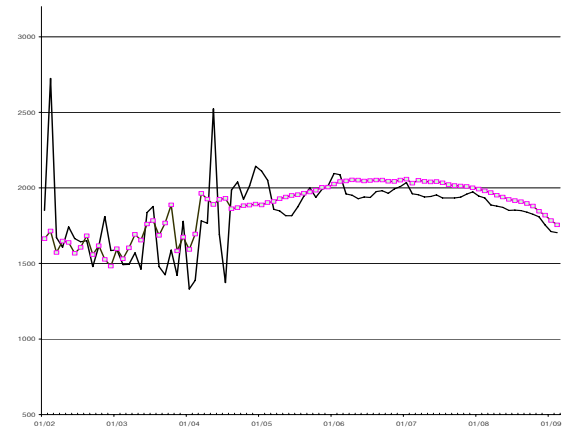
Chicago & National Retail Sales



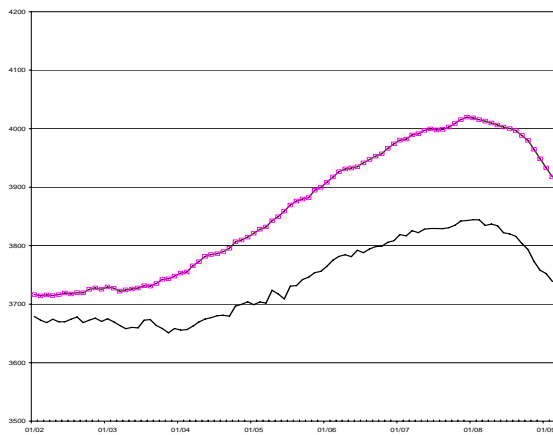
Chicago & National Manufacturing Employment



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	-8.92	-4.67	-1.34	-6.65	-2.99	-1.84
NMfgn	-2.44	-1.19	-0.40	-2.74	-0.90	-0.35
Cons	-11.36	-4.90	-1.60	-11.90	-5.83	-0.45
Retail	-9.83	-1.60	-0.10	-5.23	-2.28	1.76

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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