

CHICAGO BUSINESS ACTIVITY INDEX

CBAI held steady in March

The Chicago Business Activity Index (CBAI) was 28.5 in March, up slightly from 28.0 in February. The index still continued to be far below the long-term trend, suggesting little signs of any imminent recovery.

In March, the national and regional economy showed weak features generally. The Chicago Fed National Activity Index (CFNAI) was -2.96 in March, down from -2.82 in February. The Federal Reserve Board's industrial production index fell 1.5 percent in March presenting five months' consecutive declines. Also, retail sales (excluding food services) decreased 1.2 percent in March and the Bureau of Labor Statistics reported that non-farm payroll employment continued to decline in March (-699,000). The unemployment rate soared to 8.5 percent in March, which was the highest since October 1983. As for the regional economy, the Chicago Fed Midwest Manufacturing Index (CFMMI) declined 2.4 percent in March. The Chicago Fed reported that output in the Midwest region in March was down 23.2 percent from a year earlier-lower than the 14.9 percent decrease in national output. In the Chicago region, manufacturing, non-manufacturing and construction employment decreased 1.6 percent, 0.4 percent and 0.7 percent respectively in March.

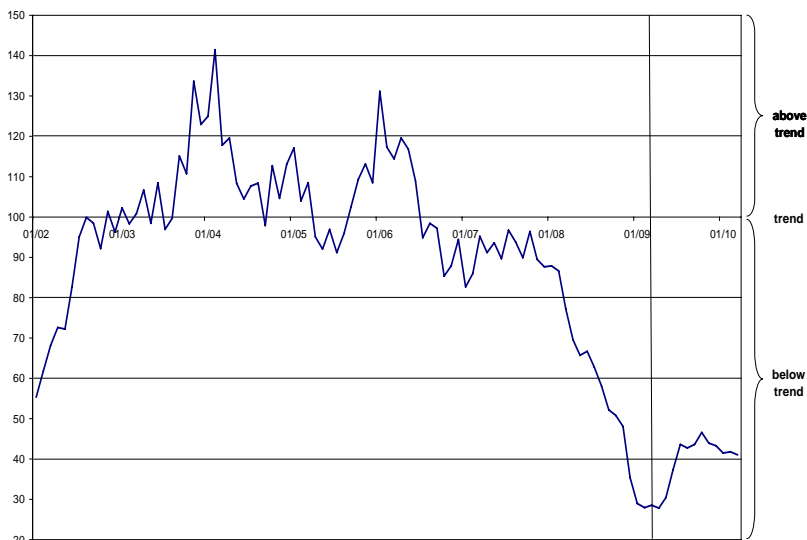
Looking further ahead, the national economy is likely to remain in deep recession: consumption and facilities investment related indicators remain significantly depressed. Bureau of Labor Statistics reported that non-farm payroll employment continued to decline in April (-539,000) and 5.7 million jobs have been lost since the recession began in December 2007. According to Census Bureau's survey report on manufacturers' shipments, inventories and new orders, new orders for capital goods declined 1.6 percent in March. 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 continue contracting over the next 12 months.

Chicago Business Activity Index

Release Date:
May 15, 2009

Next Release Date:
June 15, 2009

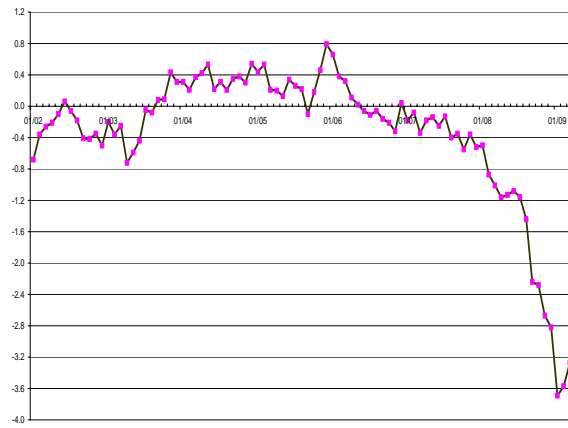
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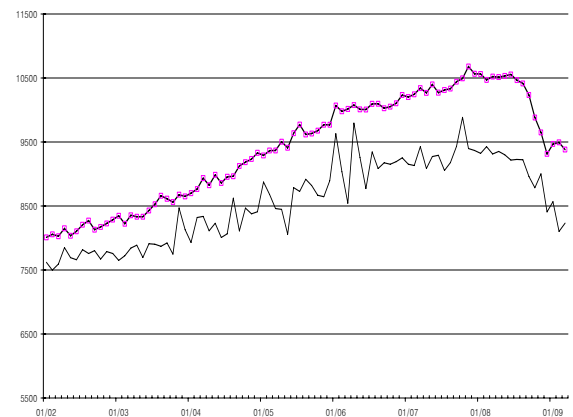
CBAI (Current: 28.5)			
	1 month	3 month	1 year
Historical (ago)	28.0	35.4	77.3
Forecast (ahead)	27.8	37.4	41.0

Chicago Business Activity Index

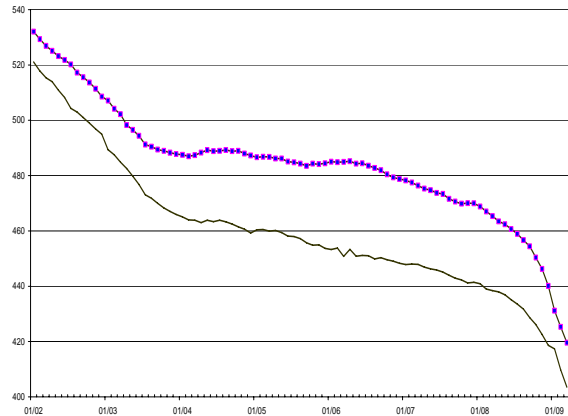
Chicago Fed National Activity Index (CFNAI-MA3)



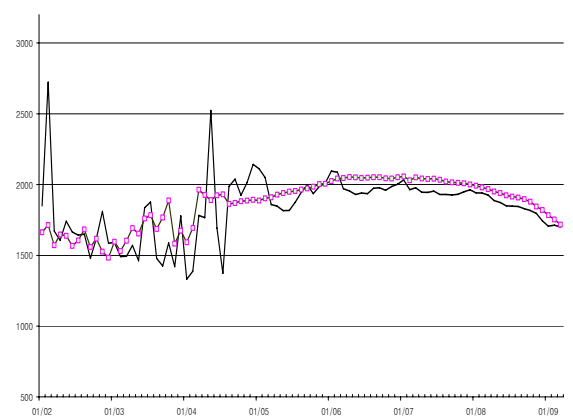
Chicago & National Retail Sales



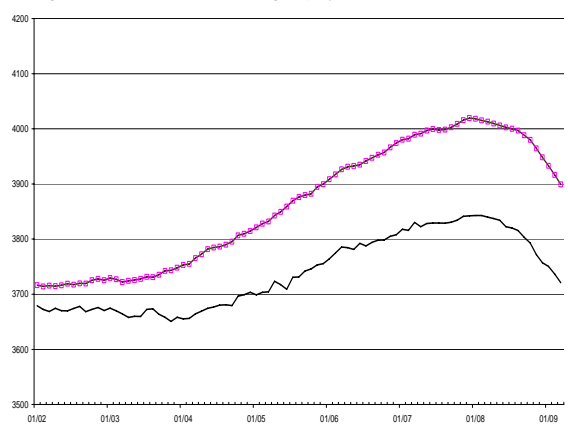
Chicago & National Manufacturing Employment



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	-9.84	-4.66	-1.34	-7.97	-3.62	-1.56
NMfgn	-2.83	-1.24	-0.44	-3.09	-0.97	-0.42
Cons	-12.74	-5.60	-2.05	-11.64	-2.44	-0.73
Retail	-10.85	0.72	-1.18	-11.60	-2.07	1.63

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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For more information please contact:
Tae-Jeong Kim, Research Assistant
T. 217/244-7226; tkim35@illinois.edu

University of Illinois
220 Davenport Hall, 607 S. Mathews Ave.
Urbana, IL 61801-3671, www.real.uiuc.edu