

CHICAGO BUSINESS ACTIVITY INDEX

CBAI fell in January

The Chicago Business Activity Index (CBAI) was 81.0 in January 2010, down substantially from 91.4 in December 2009 (note that the recent CBAI series up to December 2009 was revised significantly this month due to the notable revision and correction of local employment statistics and manufacturing index). The significant drop of the index in January could be attributed mainly to the sluggishness of private demand in the Chicago region.

In January 2010, the national economy presented favorable features. The Federal Reserve Board’s industrial production index maintained its upward trend in January: it increased 0.9 percent in January following a gain of 0.5 percent in December 2009. In January, the number of unemployed persons decreased to 14.8 million from 15.3 million; subsequently the unemployment rate fell by 0.3 percentage point to 9.7 percent in January. The Chicago Fed reported that its Chicago Fed National Activity Index (CFNAI) increased to +0.02 in January from -0.58 in December, led by improvements in production- and employment-related indicators. Meanwhile, the regional economy presented mixed features in January. The Chicago Fed Midwest Manufacturing Index (CFMMI) increased 1.9 percent in January, after registering 0.5 percent decrease in December. In the Chicago region, manufacturing and non-manufacturing employment increased 1.0 and 0.7 percent respectively in January. It was the first increase in the manufacturing employment after the recession began in December 2007. On the contrary, the construction employment fell substantially by 2.4 percent in January. Also retail sales declined 1.5 percent in January, after registering 0.8 percent increase in December.

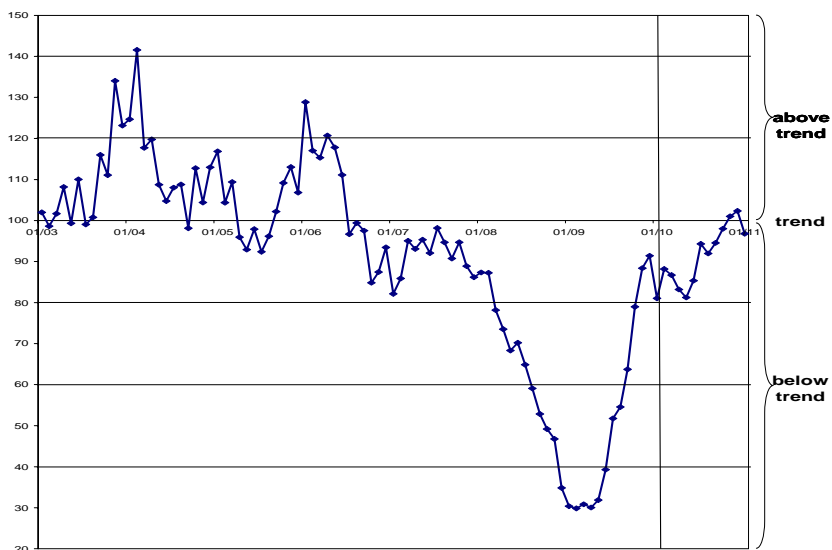
In the coming months, the national economy is likely to maintain its improving pattern, led mainly by production- related activities. According to the US Census Bureau, new orders for manufactured durable goods in January increased \$5.2 billion or 3.0 percent to \$175.7 billion: this was the second consecutive monthly increase. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to be on the improving trend in the future. However, it is critical for the sustainable economic growth in this region whether the private demand such as private consumption and investment could gain the momentum of improvement in the near future.

Chicago Business Activity Index

Release Date:
March 22, 2010

Next Release Date:
April 15, 2010

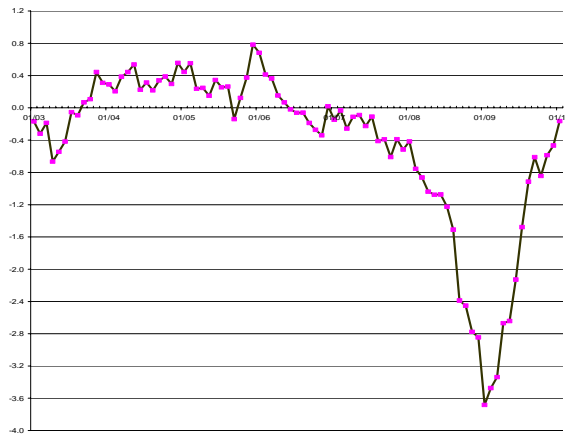
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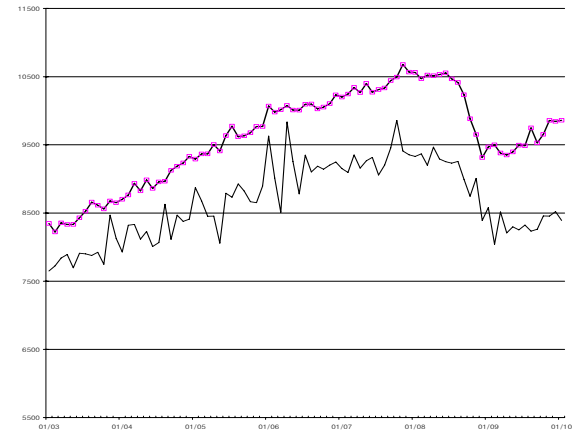
CBAI (Current: 81.0)			
	1 month	3 month	1 year
Historical (ago)	91.4	79.0	30.4
Forecast (ahead)	88.2	83.2	96.8

Chicago Business Activity Index

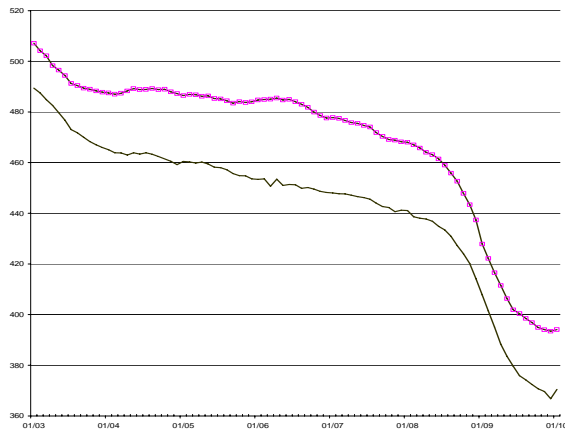
Chicago Fed National Activity Index (CFNAI-MA3)



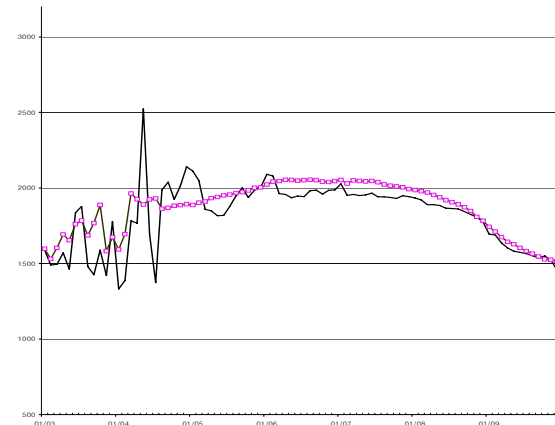
Chicago & National Retail Sales



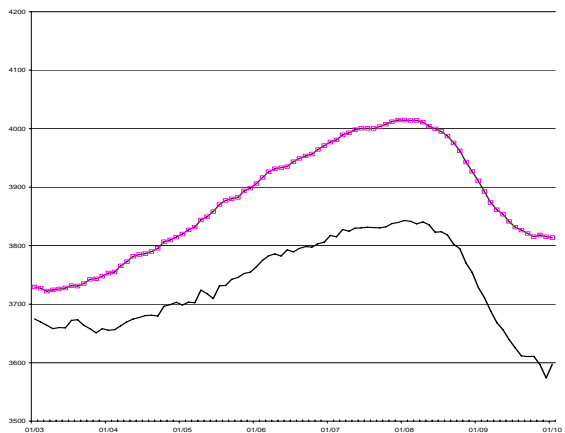
Chicago & National Manufacturing Employment



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	-7.88	-0.20	0.17	-9.16	-0.07	0.99
NMfgn	-2.48	-0.04	-0.04	-3.51	-0.37	0.66
Cons	-14.23	-2.23	-1.35	-16.16	-8.38	-2.39
Retail	4.12	2.14	0.16	-2.19	-0.78	-1.53

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.

REGIONAL | ECONOMICS | APPLICATIONS | LABORATORY

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.illinois.edu