CHICAGO BUSINESS ACTIVITY INDEX

CBAI fell in April

The Chicago Business Activity Index (CBAI) was 87.2 in April, down from 92.8 in March. The drop of the index in April could be attributed mainly to the sluggishness of private demand and the decrease of non-manufacturing employment in the Chicago region.

In April, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production increased 0.8 percent in April after having risen 0.2 percent in March. In addition, national retail sales increased 0.6 percent in April. The number of unemployed persons was 15.3 million, and the unemployment rate edged up to 9.9% in April. The rate had been 9.7 percent for the first 3 months of this year. The Chicago Fed reported that its Chicago Fed National Activity Index (CFNAI) increased to 0.29 in April, from 0.13 in March. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 1.2 percent in April, after a 1.5 percent increase in March. In the Chicago region in April, manufacturing employment increased 0.4 percent while non-manufacturing employment declined 0.04 percent and construction employment increased by 2.62 percent in April. Regional retail sales are estimated to stay constant.

In the coming months, the national economy is likely to continue on a recovery trend. During the past few months, the national employment situation has continued to improve. The Bureau of Labor Statistics reported the total nonfarm payroll employment rose by 290,000 in April and 431,000 in May. Sizable employment gains occurred in manufacturing, professional and business services, health care, and in leisure and hospitality. Federal government employment increased due to the hiring of temporary workers for Census 2010. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to be on an improving trend in the near future.
Chicago Business Activity Index

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.

**Economic Activity: Summary**

<table>
<thead>
<tr>
<th>Months ago</th>
<th>National</th>
<th>Chicago</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Mfgn</td>
<td>-3.58</td>
<td>0.65</td>
</tr>
<tr>
<td>NMfgn</td>
<td>-0.81</td>
<td>0.39</td>
</tr>
<tr>
<td>Cons</td>
<td>-8.95</td>
<td>-0.18</td>
</tr>
<tr>
<td>Retail</td>
<td>9.75</td>
<td>3.30</td>
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Note: All series are seasonally adjusted.

* Black lines show Chicago indicators.

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