

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in July

The Chicago Business Activity Index (CBAI) was 106.7 in July, up from 96.5 in June. The increase in July could be attributed mainly to the improvement of the manufacturing sector in the Chicago region.

In July, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production rose 1.0 percent in July after having edged down 0.1 percent in June. The capacity utilization rate for all industry moved up to 74.8 percent. In addition, national retail sales increased 0.3 percent in July. Both the number of unemployed persons, at 14.6 million, and the unemployment rate, at 9.5 percent, were unchanged in July.

The Chicago Fed reported that its Chicago Fed National Activity Index (CFNAI) increased to 0.001 in July, from -0.7 in June. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 2.3 percent in July, after a 0.3 percent decrease in June. In the Chicago region in July, manufacturing employment increased 0.73 percent while non-manufacturing employment decreased 0.71 percent and construction employment decreased by 7.21 percent. Regional retail sales are estimated to have decreased 1.6 percent in July.

In the coming months, the national economy is likely to maintain its modest recovery trend; but a number of uncertainties remain. The Bureau of Labor Statistics reported total nonfarm payroll employment declined by 131,000 in July, reflecting the shedding of 143,000 temporary workers hired by Federal government for the decennial census. Private-sector payroll employment edged up by 71,000. For the local economy, although the concerns of the chance of a double-dip recession have increased, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to be on an improving trend over the next several months.

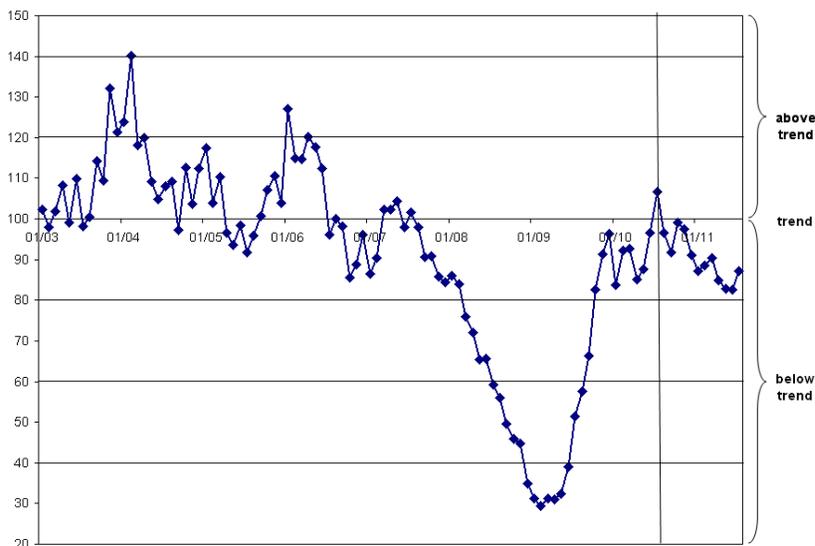
Release Date:
September 17, 2010

Next Release Date:
October 17, 2010

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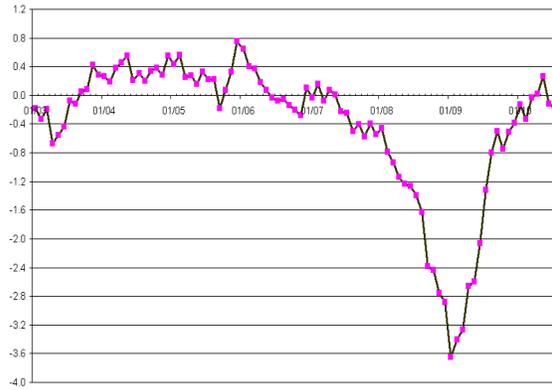
CBAI (Current: 106.7)			
	1 month	3 month	1 year
Historical (ago)	96.5	85.1	51.3
Forecast (ahead)	96.5	99.1	87.2

Chicago Business Activity Index



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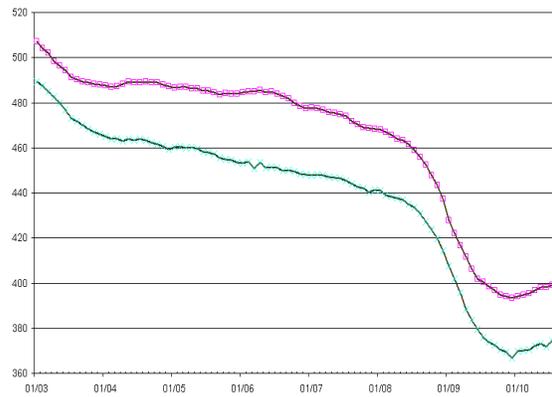
Chicago Fed National Activity Index (CFNAI-MA3)



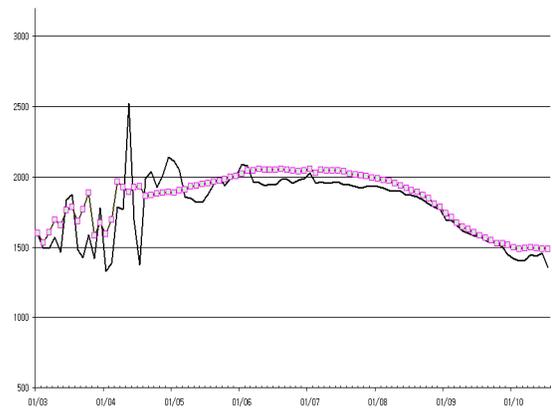
Chicago & National Retail Sales



Chicago & National Manufacturing Employment

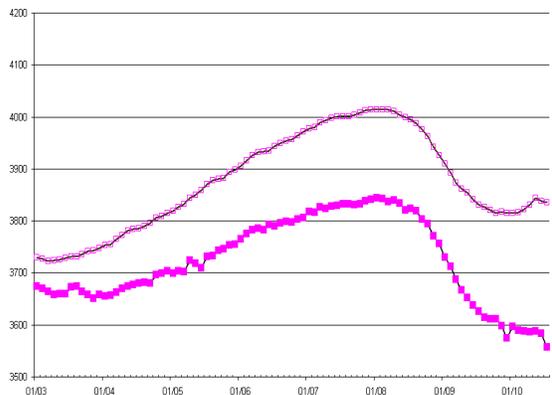


Illinois & National Construction



* Black lines show Chicago indicators.

Chicago & National Non-manufacturing Employment



Economic Activity: Summary

Percentage change compared to the previous period

Months ago	National			Chicago		
	12	3	1	12	3	1
Mfgn	-0.28	0.66	0.29	-0.43	0.59	0.73
NMfgn	0.09	0.11	-0.07	-1.88	-0.81	-0.71
Cons	-6.00	-0.75	-0.07	-14.01	-6.36	-7.21
Retail	5.76	-1.14	0.32	3.35	1.68	-1.56

Note: All series are seasonally adjusted.

National indicators are rescaled for comparison.

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:
Chun-Hua Wu, Research Assistant
T. 217/244-7226; wu31@illinois.edu

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