

**CHICAGO BUSINESS ACTIVITY INDEX**

**CBAI experienced slight drop in May**

The Chicago Business Activity Index (CBAI) was 93.5 in May, a slight decrease from 94.1 in April. The drop of the index in May could be attributed mainly to the sluggishness in national economic activity and the decrease of non-manufacturing employment.

In May, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production edged up 0.1 percent in May, the second consecutive month with little or no gain. The capacity utilization for total industry was flat at 76.7 percent. In addition, national retail sales decreased 0.23 percent in May. The number of unemployed persons (13.9 million) and the unemployment rate (9.1 percent) were essentially unchanged in May.

The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to -0.37 in May, from -0.56 in April. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 0.48 percent in May. In the Chicago region in May, manufacturing employment increased 0.34 percent while non-manufacturing employment decreased 0.06 percent and construction employment increased by 2.30 percent. Regional retail sales are estimated to have decreased 0.01 percent in May.

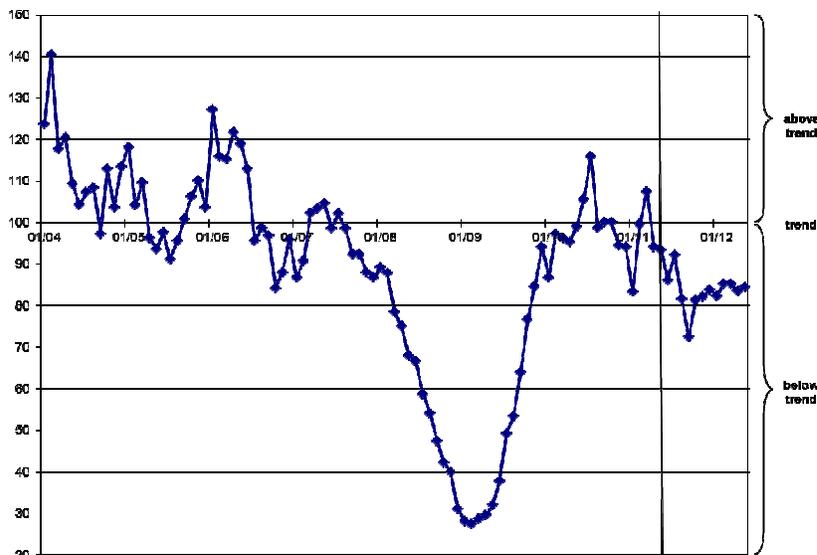
In the coming months, the national economy is likely to maintain its modest, but slowing recovery trend. The Bureau of Labor Statistics reported total nonfarm payroll employment increased marginally by 54,000 in May. Job gains continued in professional and business services, health care, and mining and local government employment continued to decline. With regard to inflation, the CFNAI-MA3 suggests subdued inflationary pressure from economic activity over the coming year. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to continue its modest improving trend over the next several months.

**Chicago Business Activity Index**

*Release Date:*  
July 18, 2011

*Next Release Date:*  
August 18, 2011

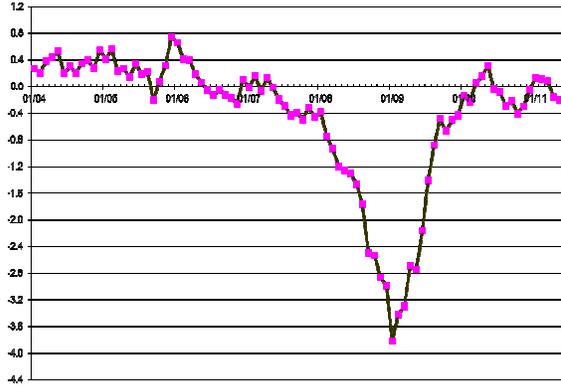
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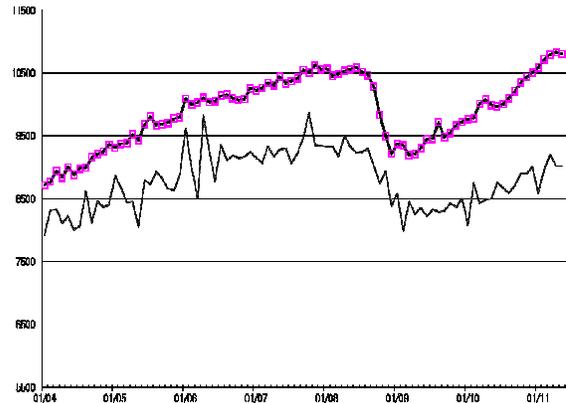
<b>CBAI</b> (Current: 93.5)			
	1 month	3 month	1 year
Historical (ago)	94.1	99.6	99.0
Forecast (ahead)	86.1	81.7	84.5

# Chicago Business Activity Index

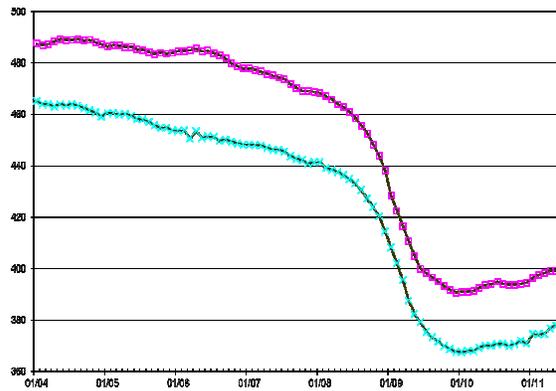
Chicago Fed National Activity Index (CFNAI-MA3)



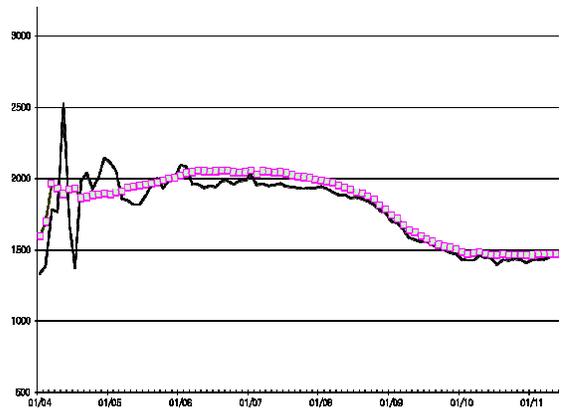
Chicago & National Retail Sales



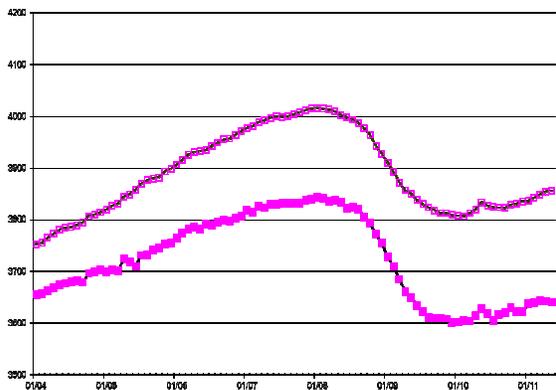
Chicago & National Manufacturing Employment



Illinois & National Construction



Chicago & National Non-manufacturing Employment



\* Black lines show Chicago indicators.

## Economic Activity: Summary

Percentage change compared to the previous period

Months ago	National			Chicago		
	12	3	1	12	3	1
Mfgn	1.43	0.39	-0.02	2.14	0.97	0.34
NMfgn	0.56	0.33	0.02	0.37	0.03	-0.06
Cons	-0.13	0.09	-0.07	2.49	3.80	2.30
Retail	8.47	1.13	-0.23	6.15	0.45	-0.01

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

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