

CHICAGO BUSINESS ACTIVITY INDEX

CBAI decreased in August

The Chicago Business Activity Index (CBAI) was 87.8 in August, a decrease from 93.0 in July. The drop of the index in August could be attributed mainly to the sluggishness in private consumption and the decrease of nonfarm employment in the Chicago region.

In August, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production increased 0.2 percent in August after having advanced 0.9 percent in July. The capacity utilization for total industry edged up to 77.4 percent in August. In addition, national retail sales increased 0.27 percent in August. The number of unemployed persons, at 14.0 million, was essentially unchanged in August, and the unemployment rate held at 9.1 percent.

The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) decreased slightly to -0.28 in August, from -0.27 in July. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 0.71 percent in August. In the Chicago region in August, manufacturing employment decreased 0.59 percent while non-manufacturing employment decreased 0.12 percent and construction employment increased by 0.17 percent. Regional retail sales are estimated to have decreased 0.3 percent in August.

In the coming months, the national economy is likely to maintain its weak recovery trend, although modifications to employment in prior months suggest that the economy had been adding more jobs than initially estimated. The Bureau of Labor Statistics reported total nonfarm payroll employment at 131.1 million, was unchanged in August. Employment changed little in most major private-sector industries; continuing declines in government employment are not being offset by gains in the private sector. With regard to inflation, the economic slack reflected in July's CFNAI-MA3 suggests subdued inflationary pressure from economic activity over the coming year. However, the risk of double-dip recession has risen. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to experience a period of fluctuations and continue its weak improving trend over the next several months, although the path is likely to be bumpy.

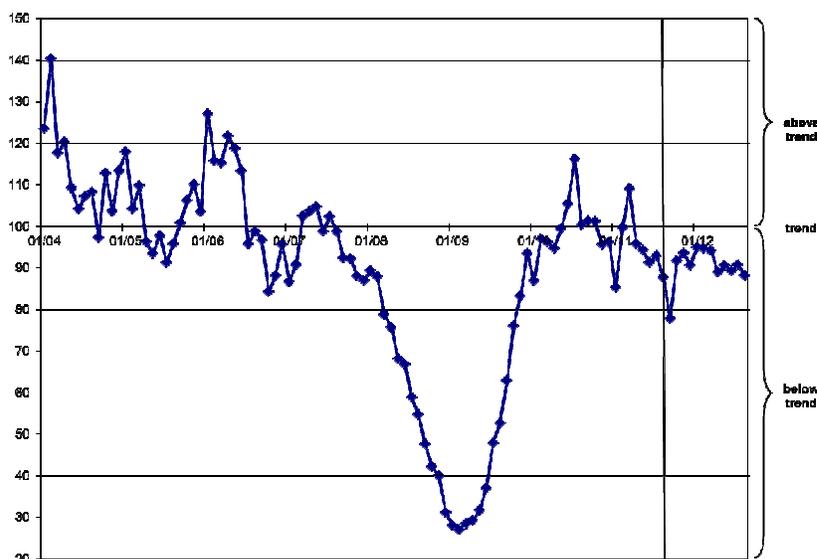
Chicago Business Activity Index

Release Date:
October 18, 2011

Next Release Date:
November 18, 2011

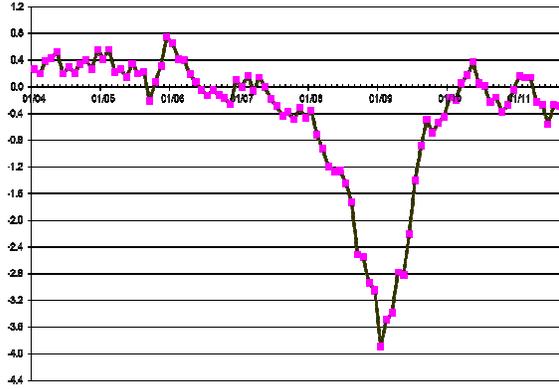
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CBAI (Current: 87.8)			
	1 month	3 month	1 year
Historical (ago)	93.0	94.3	100.4
Forecast (ahead)	77.9	93.6	88.2

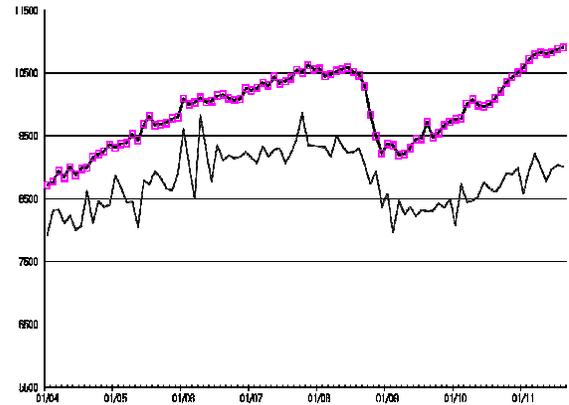


Chicago Business Activity Index

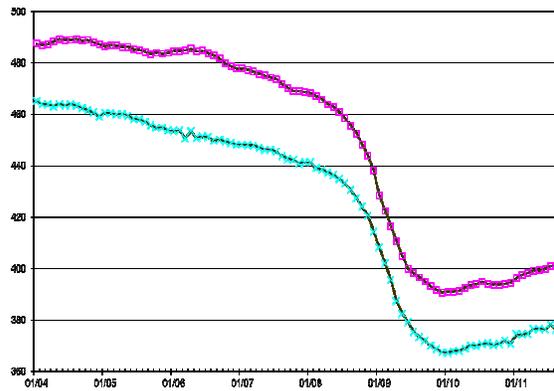
Chicago Fed National Activity Index (CFNAI-MA3)



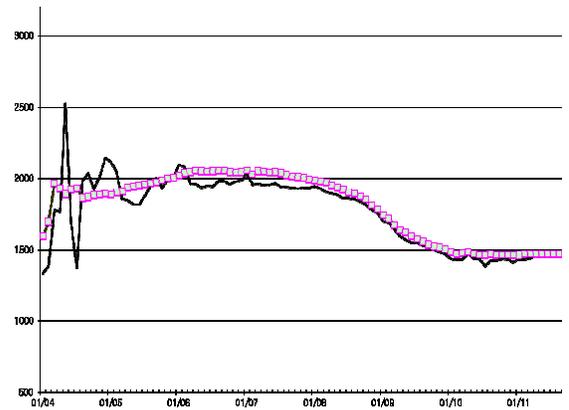
Chicago & National Retail Sales



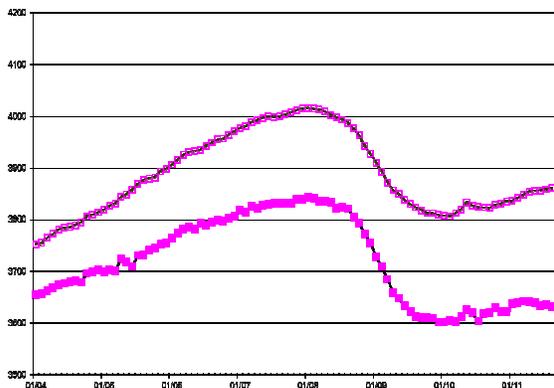
Chicago & National Manufacturing Employment



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	1.76	0.38	-0.03	1.39	-0.11	-0.59
NMfgn	0.98	0.13	0.05	0.35	-0.22	-0.12
Cons	0.09	-0.07	-0.13	3.80	-0.30	0.17
Retail	8.01	0.91	0.27	4.69	2.62	-0.30

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.

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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