

CHICAGO BUSINESS ACTIVITY INDEX

CBAI decreased in October

The Chicago Business Activity Index (CBAI) decreased to 71.2 in October from 83.1 in September. The decline is attributed mainly to the fall in nonmanufacturing employment and retail activities in the Chicago region.

In October, the national and regional economy shared negative features. The Federal Reserve Board announced that total industrial (manufacturing) production declined 0.4% (0.9%) in October after having increased 0.2% (0.1%) in September. Capacity utilization in all industry (manufacturing) decreased to 77.8% (75.9%) in October from 78.2% (76.7%) in September. The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) decreased to -0.56 in October from 0.00 in September. In the Chicago region, manufacturing output, measured by the Chicago Fed Midwest Manufacturing Index (CFMMI), decreased 1.2% in October and was mainly attributed by falls in machinery, resource and steel production. Employment in nonmanufacturing decreased 0.06% in October while employment in manufacturing and construction increased 0.39% and 0.68% respectively. Retail sales are estimated to have fallen 0.72% in October.

In the coming months, the national economy is likely to continue to show weak signals about the economic recovery. The CFNAI-MA3 suggests that growth in national economic activity was below its historical trend. The Bureau of Labor Statistics reported that total nonfarm payroll employment increased by 146,000 in November, and the unemployment rate edged down to 7.7%. Considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to continue its weak economic activities over the next several months.

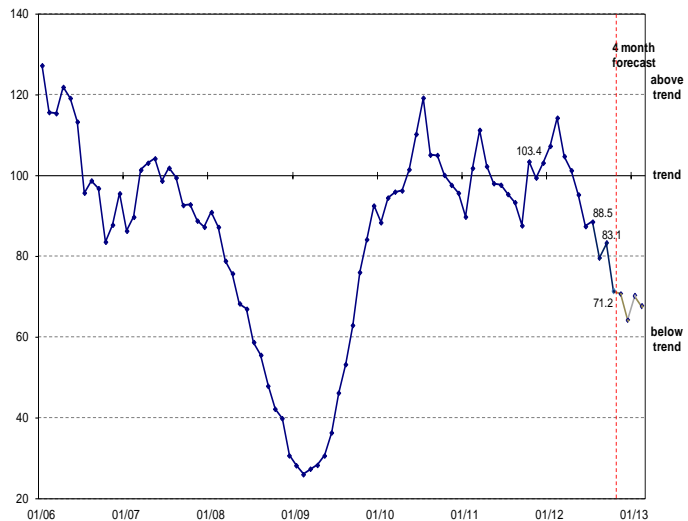
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CBAI (Current: 71.2)			
	1 month	3 month	1 year
Historical (ago)	83.1	88.5	103.4
Forecast (ahead)	70.6	70.1	-

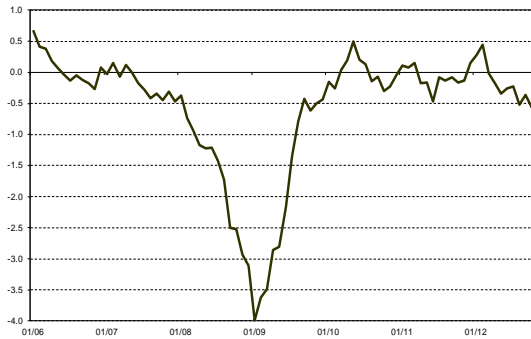
Chicago Business Activity Index



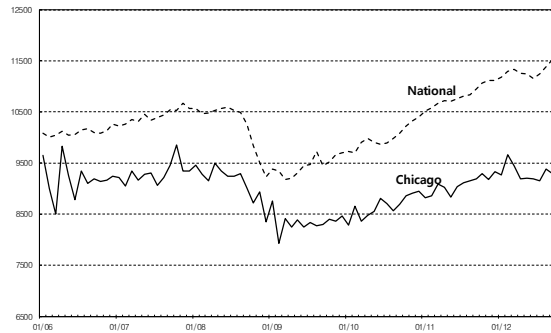
Chicago Business Activity Index

* National indicators are rescaled for comparison.

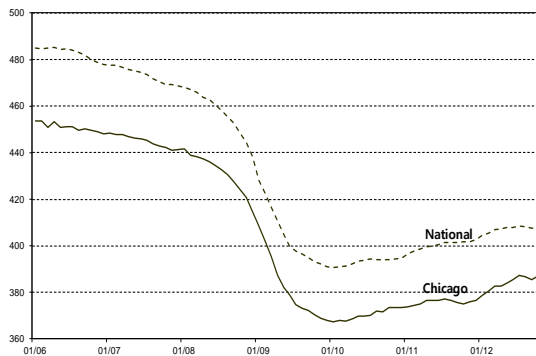
Chicago Fed National Activity Index (CFNAI-MA3)



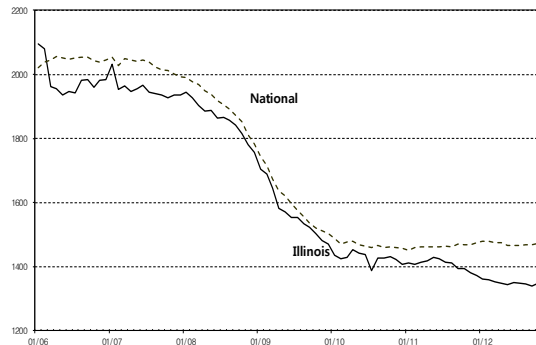
Chicago & National Retail Sales



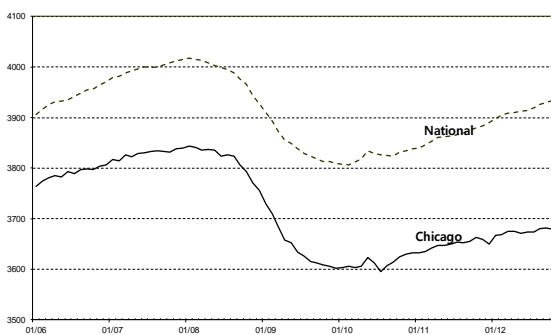
Chicago & National Manufacturing Employment



Illinois & National Construction



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	1.56	-0.16	0.08	3.20	-0.10	0.39
NMfgn	1.43	0.40	0.11	0.45	0.15	-0.06
Cons	0.27	0.31	0.27	-3.24	-0.02	0.68
Retail	3.68	1.99	-0.48	0.03	1.48	-0.72

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.

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