

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in June

The Chicago Business Activity Index (CBAI) increased to 108.7 in June from 103.1 in May. The rise is attributed to an increase in job growth in construction and nonmanufacturing in the Chicago area.

In June, the national and regional economies shared mixed features. The Federal Reserve Board announced that the industrial production index increased 0.4 percent in June after having increased 0.3 percent in May. Capacity utilization for the industrial sector edged up 0.1 percentage point to 79.1 in June. The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) decreased to +0.12 in June from +0.16 in May, led by a decline in consumption- and housing-related indicators. In the Chicago region, the employment in manufacturing fell 0.27 percent in June. Nonmanufacturing and construction employment increased 0.16 and 3.16 percent respectively in June. Retail sales are estimated to have fallen 0.78 percent in June.

In the coming months, the national economy is likely to stay on the path to recovery. The economic growth reflected in the CFNAI-MA3 suggests that national economic activity was slightly above its historical trend. The Bureau of Labor Statistics reported that total nonfarm payroll employment rose by 209,000 in July, and the unemployment rate was little changed at 6.2 percent. Considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to continue its recovery trend over the next several months.

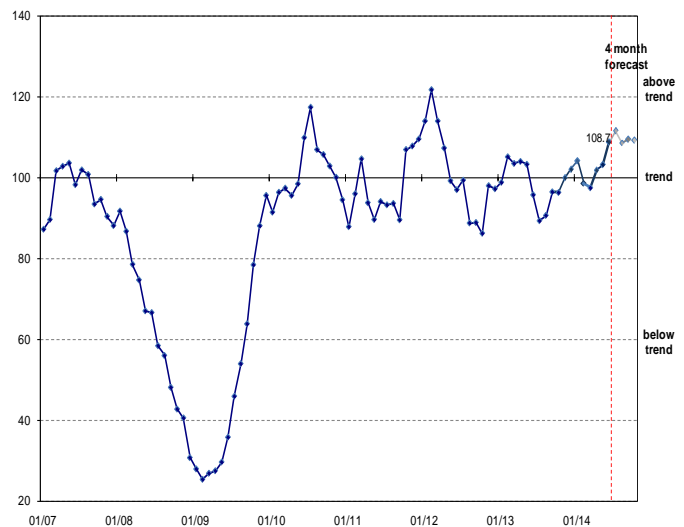
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CBAI (Current: 108.7)			
	1 month	3 month	1 year
Historical (ago)	103.1	97.5	95.8
Forecast (ahead)	111.5	109.4	-

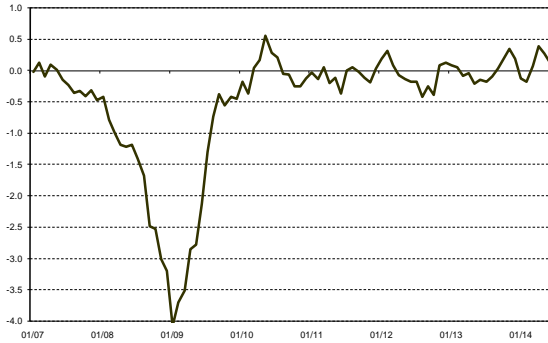
Chicago Business Activity Index



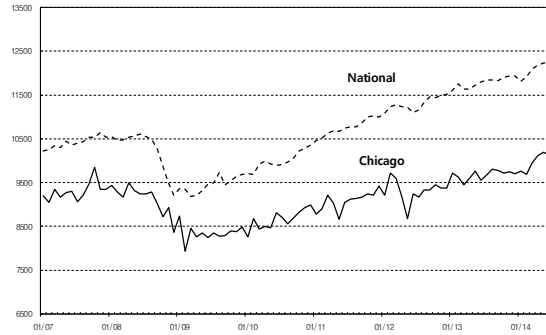
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* National indicators are rescaled for comparison

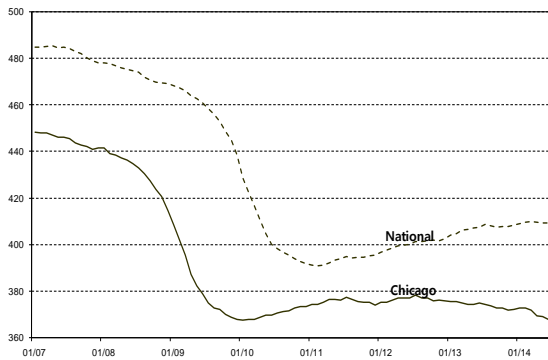
Chicago Fed National Activity Index (CFNAI-MA3)



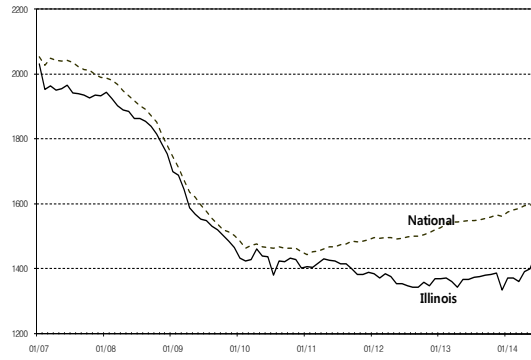
Chicago & National Retail Sales



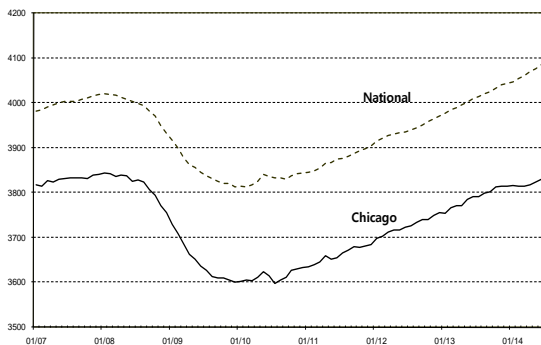
Chicago & National Manufacturing Employment



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	1.18	0.39	0.19	-1.83	-1.09	-0.27
NMfgn	1.91	0.62	0.22	1.00	0.38	0.16
Cons	3.26	0.92	0.17	5.64	6.20	3.16
Retail	3.87	1.33	0.24	5.85	1.66	-0.78

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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