CBAI increased in January

The Chicago Business Activity Index (CBAI) increased to 100.8 in January from 99.5 in December. The increase is mainly attributed to positive manufacturing, non-manufacturing, construction job growth and an improvement in retail sales.

In January, the national and regional economies presented mixed features. The Federal Reserve Board announced industrial production decreased 0.6 percent in January after rising 0.1 percent in December. At 109.4 percent of its 2012 average, total industrial production was 3.8 percent higher in January than it was a year earlier. Capacity utilization for the industrial sector decreased 0.6 percentage point in January to 78.2 percent, a rate that is 1.6 percentage points below its long-run (1972–2018) average. The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) moved down to -0.43 in January from +0.40 in December. In the Chicago region, employment in the manufacturing increased 0.76 percent and employment in the nonmanufacturing sector increased 0.45 percent in January. Employment in the construction sector increased 2.00 percent and retail sales are estimated to have increased 2.47 percent during the same period.

In the coming months, the national economy is likely to stay on the expansion phase. The economic growth reflected in the CFNAI-MA3 suggests that growth in national economic activity is above its historical trend. Total nonfarm payroll employment changed little in February (+20,000), and the unemployment rate declined to 3.8 percent. Considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to slow down its expansion trend over the next several months.

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Chicago Business Activity Index
The Chicago Business Activity Index (CBAI) is a monthly statistic that measures the changes in the business cycle status of the Chicago metropolitan area. 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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