# CHICAGO BUSINESS ACTIVITY INDEX – April 2021

## CBAI decreased in February

The Chicago Business Activity Index (CBAI) decreased to 139.0 in February from 248.2 in January. The decrease is mainly attributed to negative construction job growth and a sharp decline in expected retail sales. However, these figures are very different compared to the previous CBAI, moving between 90 and 110. The unprecedented COVID-19 shock caused the CBAI to plummet and the index to deviate dramatically from trend. After the index recorded the lowest value in July, 2020, the CBAI predicted a rapid economic recovery, leading the index to return into the trend. However, a longer-than-expected COVID-19 shock and the occurrence of several new waves of infections has delayed economic recovery and caused unstable monthly changes in the CBAI. Therefore, it is important to monitor employment and production in detail, as well as changes in the CBAI.

In February, total industrial production fell 2.2 percent. Manufacturing output decreased 3.1 percent, and at 104.7 percent of its 2012 average, total industrial production was 4.2 percent lower than it was a year earlier. Capacity utilization for the industrial sector decreased 1.7 percentage point to 73.8 percent, a rate that is 5.8 percentage points below its long-run (1972–2020) average. The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) moved down to -1.09 in February from 0.75 in January. In the Chicago region, employment in the manufacturing sector increased 0.49 percent and employment in the nonmanufacturing sector increased 0.47 percent in February. Employment in the construction sector decreased 1.90 percent and retail sales are estimated to have decreased 2.29 percent during the same period. Total US nonfarm payroll employment increased by 916,000 in March, and the unemployment rate decreased to 6.0 percent. Employment indicators are gradually improving nationwide, but a limited resumption of economic activity is expected in the coming months at the Chicago area.

Release Date:
*April, 18, 2021*

Next Release Date:
*May 18, 2021*

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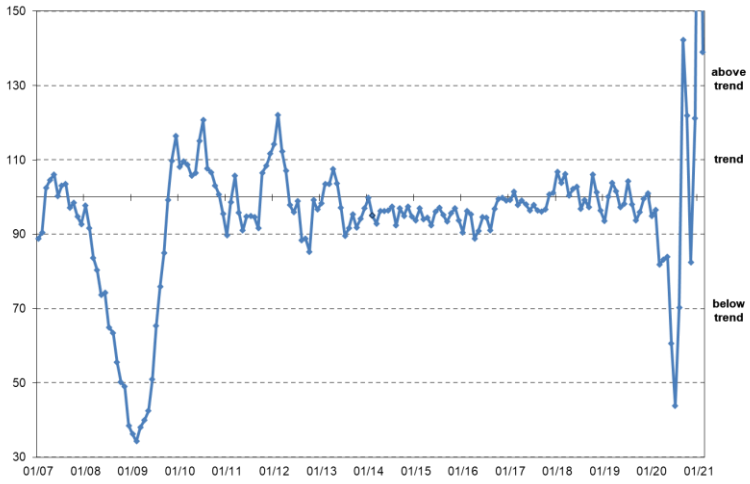
**CBAI (**Current: 139.0)

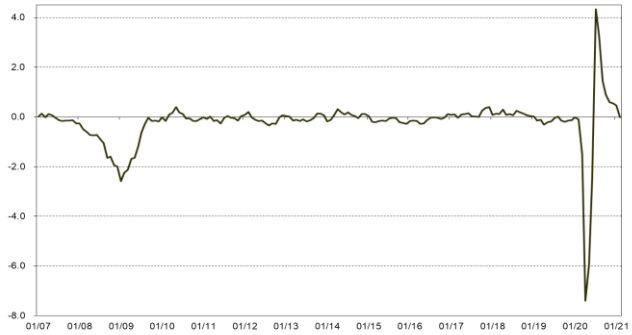
| | 1 month | 3 month | 1 year |
|---|---|---|---|
| Historical (ago) | 248.2 | 82.5 | 96.6 |
| Forecast (ahead) | 76.6 | 105.6 | - |

**Chicago Business Activity Index**

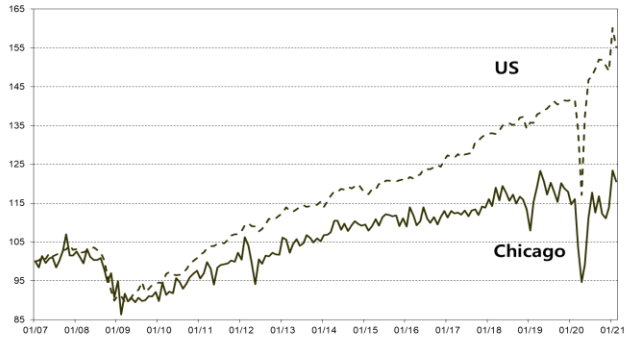


* January 2007 = 100

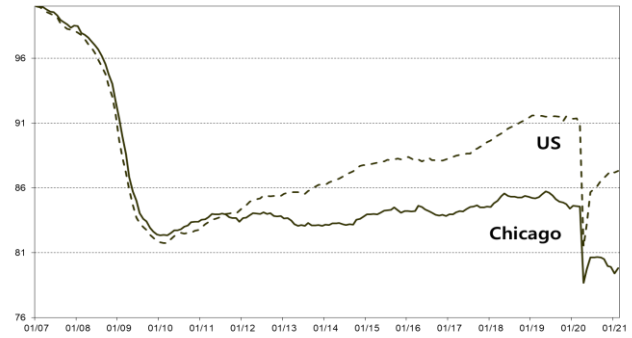
**Chicago Fed National Activity Index(CFNAI-MA3)**



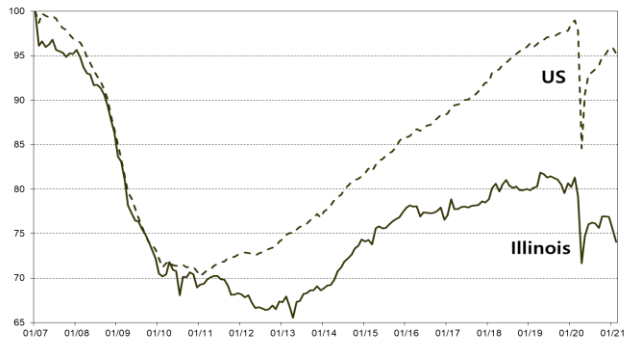

**Retail Sales**



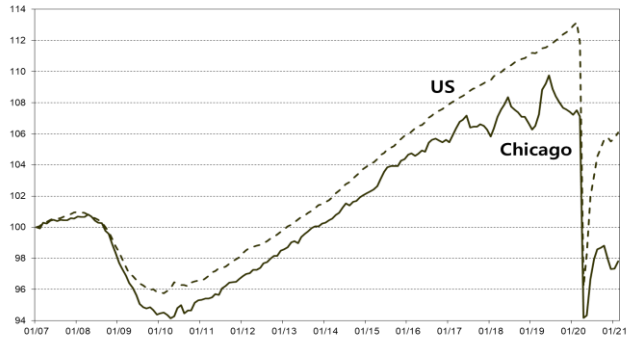

**Manufacturing Employment**




**Construction Employment**




**Non-manufacturing Employment**




**Economic Activity: Summary**

Percentage change compared to the previous period

| | National | | | Chicago | | |
|---|---|---|---|---|---|---|
| Months ago | 12 | 3 | 1 | 12 | 3 | 1 |
| Mfgn | -4.44 | 0.29 | 0.15 | -5.66 | -0.20 | 0.49 |
| NMfgn | -6.26 | 0.28 | 0.34 | -9.02 | -0.17 | 0.47 |
| Cons | -3.82 | 0.04 | -0.76 | -8.91 | -3.73 | -1.90 |
| Retail | 9.55 | 3.21 | -3.07 | 3.87 | 8.53 | -2.29 |

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 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.

REGIONAL | ECONOMICS | APPLICATIONS | LABORATORY

For more information, please contact:
Youngwook Jung, Research Assistant
yj10@illinois.edu

University of Illinois at Urbana-Champaign
67 Mumford Hall, 1301 West Gregory Drive
Urbana, IL 61801; www.real.illinois.edu