

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in December

The Chicago Business Activity Index (CBAI) was 0.33 in December 2004. This was mainly attributed to the increase of construction and retail sales. Considering that the CBAI leads the local business cycle and positive values of this index are associated with above-trend growth, the Chicago economy likely continues on a strong expansion path.

In December, the national economy presented a bright feature. The coincident index of the Conference Board increased 0.3 percent. Construction, retail sales and non-manufacturing employment were up 11.3 percent, 1.3 percent and 0.1 percent, respectively.

The economic performance in Chicago showed some good features in December. Construction, retail sales, and the Chicago Fed Midwest manufacturing production rose 19.1 percent, 1.9 percent and 1.3 percent, respectively. However, manufacturing employment and non-manufacturing employment decreased 0.3 percent and 0.2 percent, respectively.

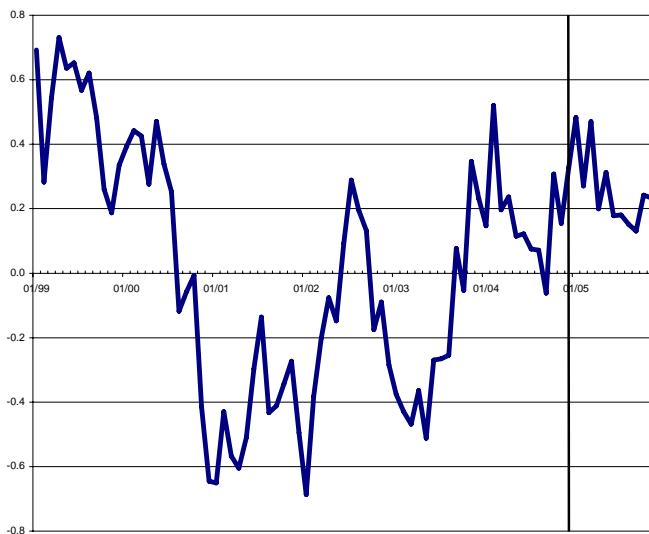
Both the national economy and regional economy are expected to continue on an economic expansion. The leading index of the Conference Board increased 0.2 percent in December, and its consumer confidence index in January edged up to 103.4 from 102.7. They suggest that the economy will continue to expand throughout the first half of this year. The regional economy is also expected to ride on a continuous expansion trend. However, for the Chicago region, main concern has been job gains. Chicago's continuing failure to match national employment growth rates generates concern about the ability of the region's economy to fully share in the more favorable national macroeconomic conditions.

Chicago Business Activity Index

Release Date:
February 19, 2005

Next Release Date:
March 15, 2005

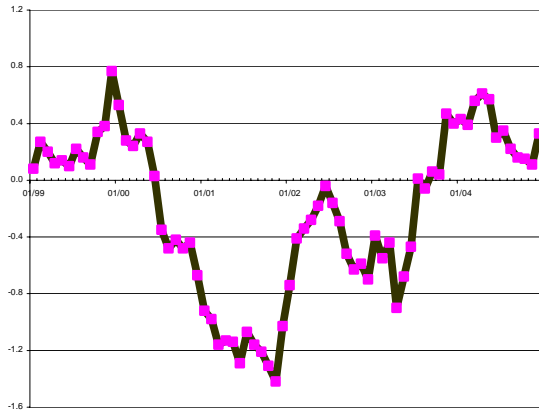
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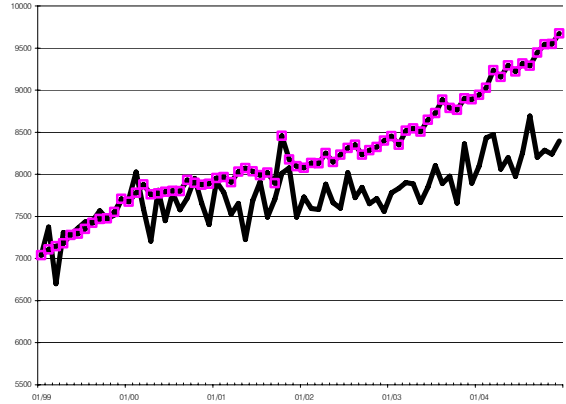
CBAI (Current: 0.327)			
	1 month	3 month	1 year
Historical (ago)	0.155	-0.062	0.230
Forecast (ahead)	0.483	0.471	0.223

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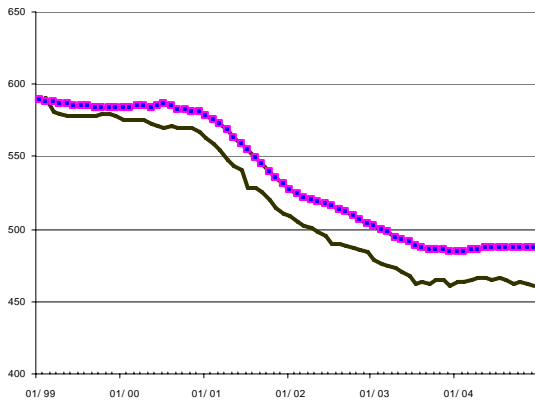
Chicago Fed National Activity Index (CFNAI-MA3)



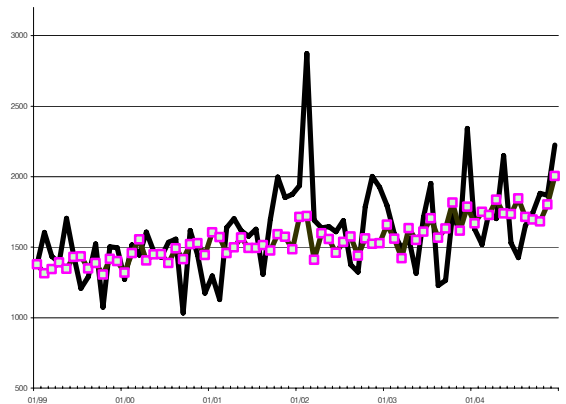
Chicago & National Retail Sales



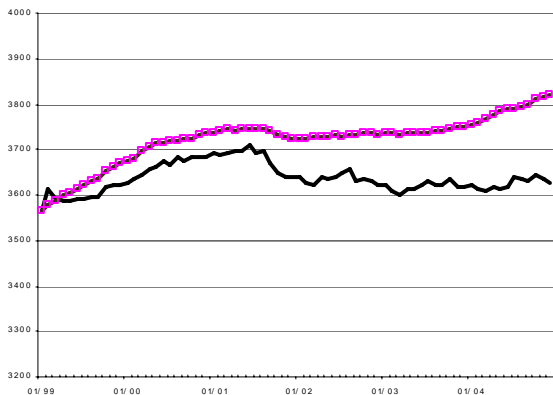
Chicago & National Manufacturing Employment



Illinois & National Construction



Chicago & National Non-manufacturing Employment



* Black lines show Chicago indicators.
National indicators are rescaled for comparison.

Economic Activity: Summary

Percentage change compared to the previous period

Months ago	National			Chicago		
	12	3	1	12	3	1
Mfgn	0.53	-0.05	0.02	-0.04	-0.29	-0.30
NMfgn	1.86	0.52	0.13	0.32	-0.06	-0.21
Cons	12.28	18.25	11.26	-5.05	27.63	19.05
Retail	8.80	2.40	1.29	6.34	2.37	1.87

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 principle components regression method, directs attention to the relationship between local and national business cycle.

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