

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in June

The Chicago Business Activity Index (CBAI) was 0.19 in June, the seventh consecutive positive reading since December 2004. This was mainly attributed to the increase of retail sales and manufacturing production. Considering that the CBAI leads the local business cycle and positive values of this index are associated with above-trend growth, the Chicago economy as a whole will continue to grow. And CBAI prediction also indicates growth over the next 12 months.

In June, the national economy presented some good features. The coincident index of the Conference Board increased 0.2 percent. Retail sales and non-manufacturing employment were up 1.8 percent and 0.1 percent, respectively. However, construction and manufacturing employment decreased 2.3 percent and 0.2 percent, respectively.

The economic performance in Chicago showed several good features in June. Retail sales, the Chicago Fed Midwest manufacturing production and manufacturing employment increased 4.6 percent, 0.4 percent and 0.1 percent, respectively. However, manufacturing employment and construction decreased 0.3 percent and 0.1 percent, respectively.

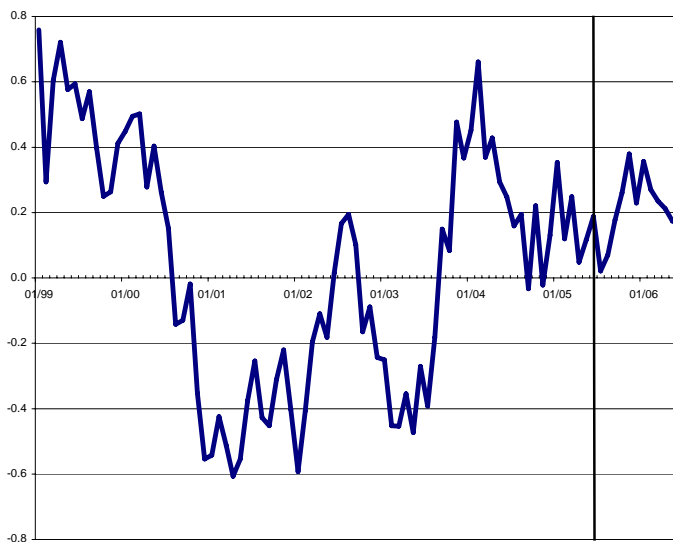
The national economy and regional economy are expected to continue on an economic expansion. The Conference Board's Consumer Confidence Index dipped slightly to 103.2 from a three-year high (106.2) in July, showing that confidence is still at a healthy level. Strong job gains (207,000) in July and a sharp increase of the Conference Board's leading index (0.9 percent) in June indicate that the economy is moving along quite strongly. For the local economy, the Chicago region is also expected to continue on an expansion trend. However, the energy price hike and Chicago's slowed job growth still dampen the regional economy.

Chicago Business Activity Index

Release Date:
August 12, 2005

Next Release Date:
September 15, 2005

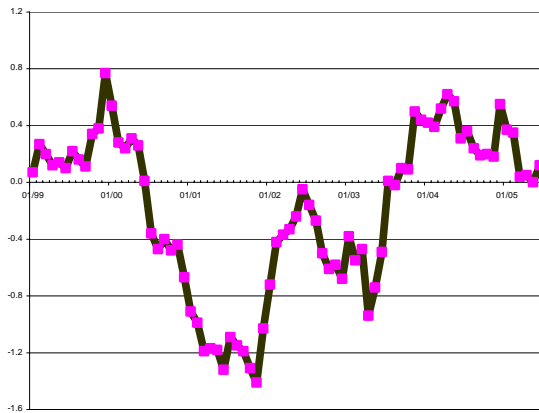
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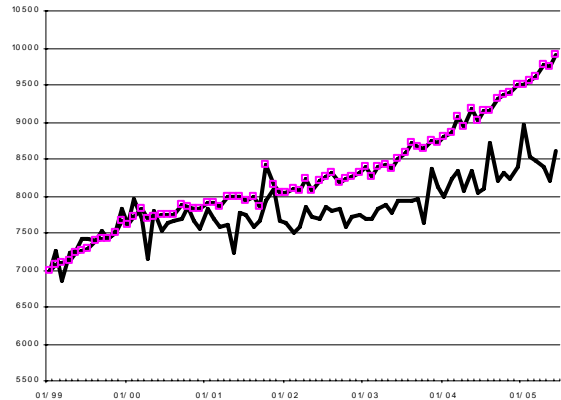
CBAI (Current: 0.188)			
	1 month	3 month	1 year
Historical (ago)	0.116	0.248	0.248
Forecast (ahead)	0.021	0.176	0.184

Chicago Business Activity Index

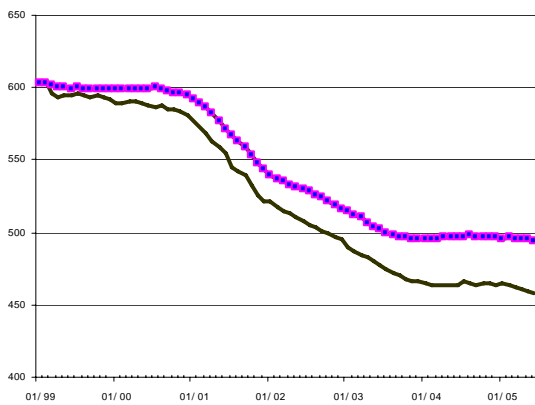
Chicago Fed National Activity Index (CFNAI-MA3)



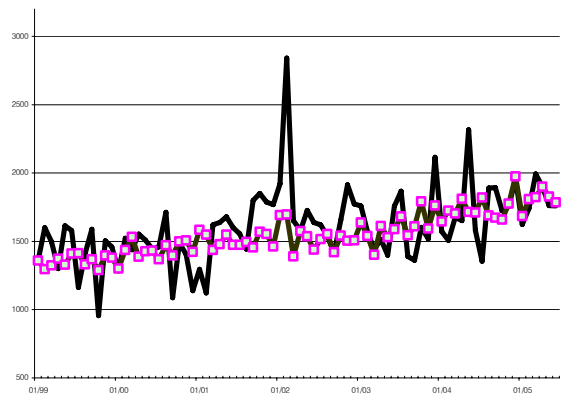
Chicago & National Retail Sales



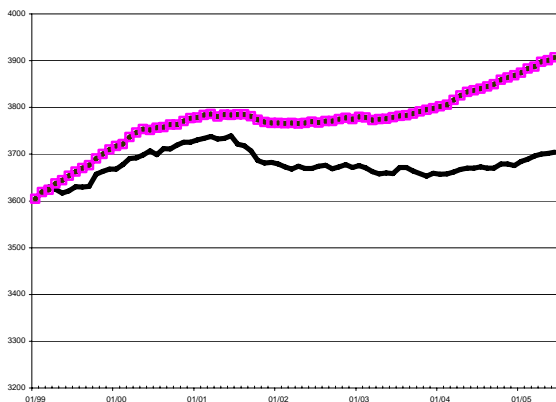
Chicago & National Manufacturing Employment



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	-0.52	-0.31	-0.17	-1.26	-0.92	-0.33
NMfgn	1.82	0.49	0.14	0.92	0.22	0.07
Cons	4.34	-2.00	-2.26	11.25	-11.67	-0.12
Retail	9.83	3.24	1.79	6.83	1.43	4.62

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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