

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in November 2005

The Chicago Business Activity Index (CBAI) was 0.298 in November 2005, the fourth consecutive positive reading since August 2005. This was mainly attributed to the increase of construction, retail sales and non-manufacturing employment. Considering that the CBAI leads the local business cycle and positive values of this index are associated with above-trend growth, the Chicago economy will continue to grow. However, CBAI prediction indicates growth over the next 12 months will be slightly lower than last 12 months.

In November, the national economy presented a bright feature. The coincident index of the Conference Board increased 0.2 percent. Construction and retail sales rose 10.8 percent and 0.2 percent, respectively. Further, non-manufacturing employment and manufacturing employment were up 0.2 percent and 0.1 percent, respectively.

The economic performance in Chicago showed several positive features in November. Construction, retail sales and non-manufacturing employment increased 7.6 percent, 2.9 percent and 0.2 percent, respectively. However, the Chicago Fed Midwest manufacturing production and manufacturing employment decreased 0.6 percent and 0.1 percent, respectively

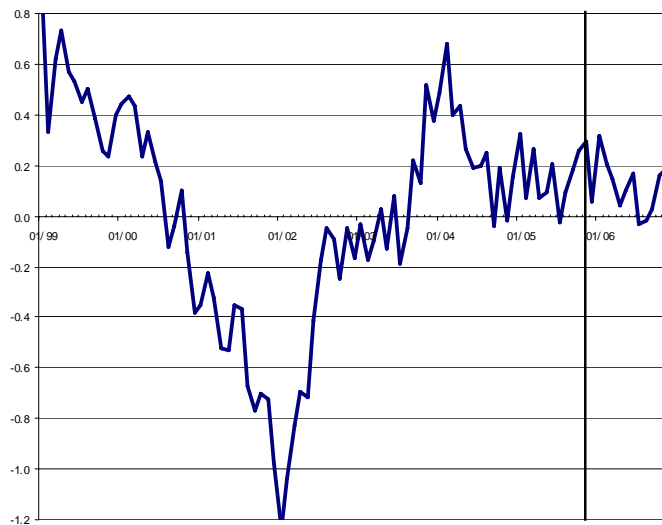
The national economy and regional economy are expected to continue on an economic expansion. The leading index of the Conference Board increased 0.5 percent in November and its consumer confidence index in December rose to 103.6 up from 98.3, the highest level in four months, showing that consumer confidence has bounced back. For the local economy, Chicago's relatively weak job gains compared with the nation as a whole in November generate concern as to whether the stronger employment growth observed over the last two months will continue.

Chicago Business Activity Index

Release Date:
January 13, 2006

Next Release Date:
February 15, 2006

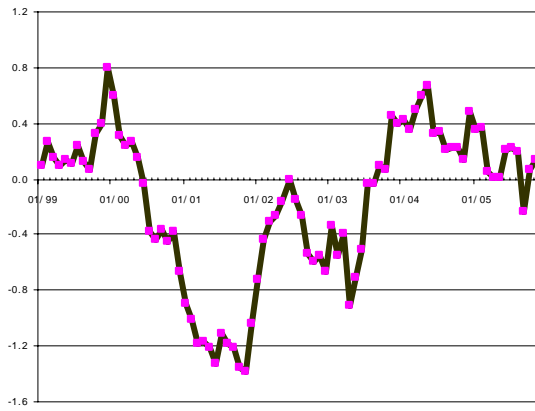
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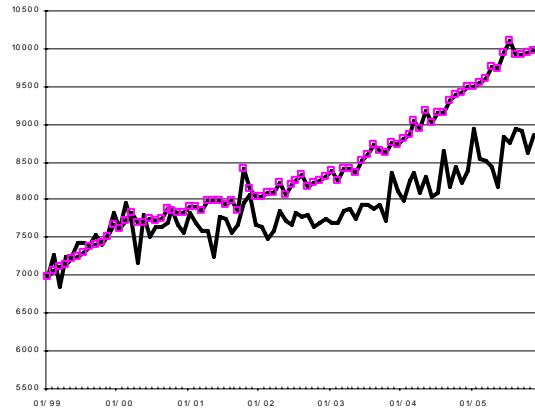
CBAI (Current: 0.298)			
	1 month	3 month	1 year
Historical (ago)	0.258	0.096	-0.014
Forecast (ahead)	0.060	0.204	0.181

Chicago Business Activity Index

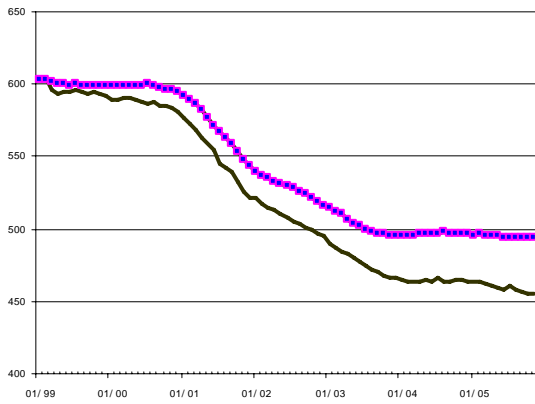
Chicago Fed National Activity Index (CFNAI-M A3)



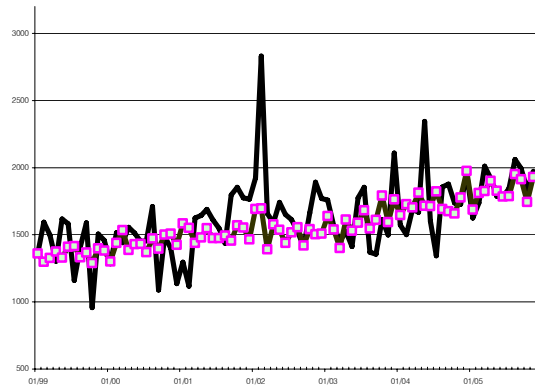
Chicago & National Retail Sales



Chicago & National Manufacturing Employment

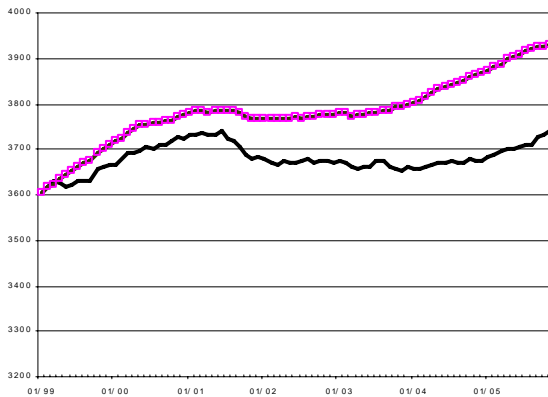


Illinois & National Construction



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

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	-0.47	0.07	0.08	-2.15	-0.68	-0.10
NMfgn	1.75	0.22	0.17	1.71	0.79	0.15
Cons	8.63	-1.03	10.75	14.28	-4.25	7.60
Retail	6.06	0.67	0.19	7.84	-0.74	2.91

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.

REGIONAL | ECONOMICS | APPLICATIONS | LABORATORY

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