CBAI increased in April

The Chicago Business Activity Index (CBAI) was 0.322 in April, the ninth consecutive positive reading since August 2005. This was mainly attributed to the increase of manufacturing production, 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. The CBAI prediction also indicates growth over the next 12 months will be higher than the last 12 months.

In April, the national economy presented good features. The coincident index of the Conference Board increased 0.2 percent. Retail sales and non-manufacturing employment rose 0.8 percent and 0.1 percent, respectively. Manufacturing and constructions employment rose 0.1 percent and 37.4 percent, respectively.

The economic performance in Chicago showed several positive features in April. Manufacturing production and non-manufacturing employment increased 0.6 percent and 0.3 percent, respectively. Retail Sales increased 4.2 percent.

The national economy’s performance seems to suggest a slowdown. The leading index of the Conference Board in April decreased 0.1 percent. Also, the consumer confidence index of the Conference Board in May down to 103.2 from 109.8 after reached its four-year high in April, and national economy only created 75,000 jobs in May, the lowest since September 2005. For the local economy, the Chicago region is expected to continue on an expansion trend. However, the national economics performance generates concern as to whether the Chicago region will maintain the momentum for continued expansion.
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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