

CHICAGO BUSINESS ACTIVITY INDEX

CBAI fell in June

The Chicago Business Activity Index (CBAI) was -0.278 in June, the ninth consecutive negative reading since October 2006. This was mainly attributed to the weak performance of manufacturing activities at the national economy. Considering that the CBAI leads the local business cycle and negative values of this index are associated with below-trend growth, the Chicago economy will likely continue on a downward trend. The CBAI prediction also suggests that the Chicago economy will experience below trend growth over the next 12 months.

In June, the national economy presented mixed features. Though the Chicago Fed National Activity Index (CFNAI) was 0.11, up from -0.32 in May, retail sales decreased 0.99 percent. The economic performance in Chicago also presented mixed features in June. The construction and the retail sales increased 0.84 percent and 0.17 percent respectively. However, manufacturing production decreased 0.1 percent in June.

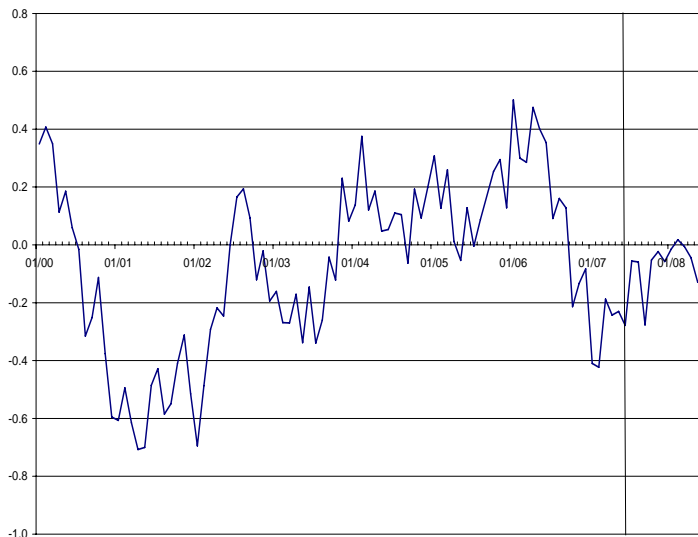
The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the leading index of the Conference Board decreased 0.3 percent due to the negative contribution of housing permits. The financial turmoil caused by sub-prime mortgage market problem also suggests negative prospect for the national economy in the immediate term. For the local economy, the CBAI index suggests that economic growth will be below its historical trend, in large part because of the slowing national economic activity.

Release Date:
August 20, 2007

Next Release Date:
September 15, 2007

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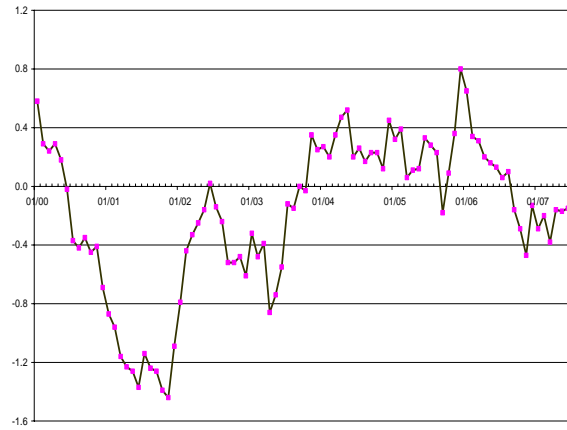
Chicago Business Activity Index



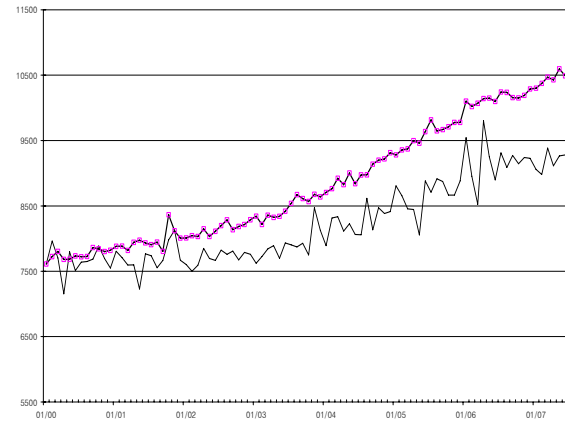
CBAI (Current: -0.278)			
	1 month	3 month	1 year
Historical (ago)	-0.230	-0.187	0.354
Forecast (ahead)	-0.056	-0.277	-0.091

Chicago Business Activity Index

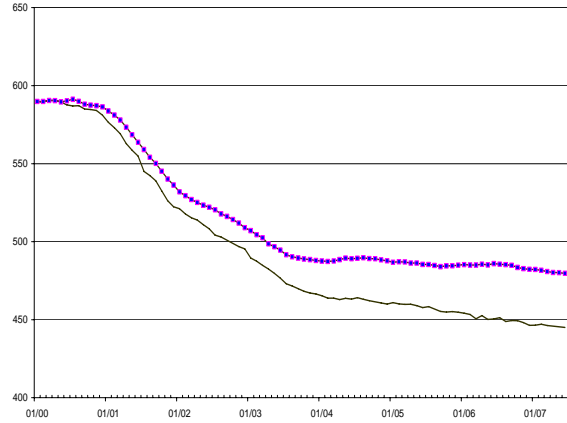
Chicago Fed National Activity Index (CFNAI-MA3)



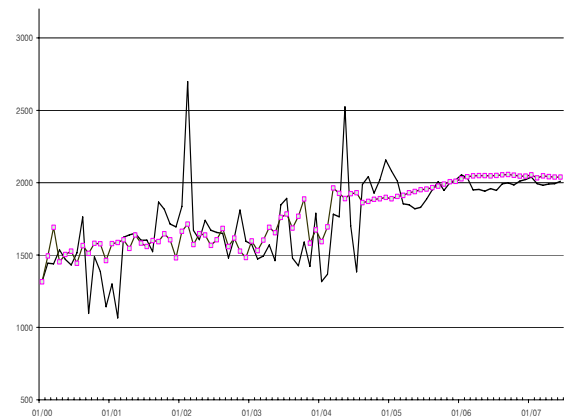
Chicago & National Retail Sales



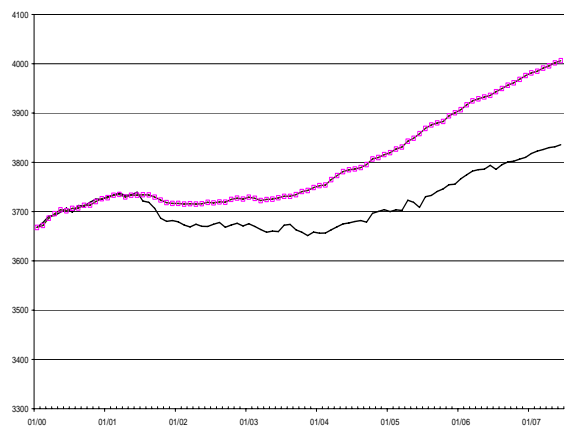
Chicago & National Manufacturing Employment



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	-1.28	-0.24	-0.09	-1.21	-0.27	-0.10
NMfgn	1.79	0.38	0.11	1.11	0.26	0.12
Cons	-0.38	-0.39	0.04	2.57	1.37	0.84
Retail	3.89	0.21	-0.99	4.30	-1.12	0.17

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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