

CHICAGO BUSINESS ACTIVITY INDEX

CBAI fell in October

Notice: From this month, the index is recalibrated so that the reference point will be 100. However, there is no change in interpretation of the index except the reference point is 100 instead of 0 and indices are rescaled accordingly.

The Chicago Business Activity Index (CBAI) was 94.5 in October, the thirteenth consecutive below the long-term trend since October 2006. This was mainly attributed to the negative contribution from the national economy as well as the weak performance of manufacturing and consumption. Considering that the CBAI leads the local business cycle and the values of this index under 100 are associated with below-trend growth, the Chicago economy will experience below trend growth over the next 12 months.

In October, the national economy showed relatively weak features. The Chicago Fed National Activity Index was -0.73, down from -0.30 in September. Construction spending announced by US Census Bureau and the Industrial Production Index (IPMFG) compiled by the FRB were also decreased by 0.8 percent and 0.3 percent respectively. The economic performance in Chicago also presented weak features. The retail sales decreased 0.23 percent and the Chicago Fed Midwest Manufacturing Index (CFMMI) decreased 0.6 percent.

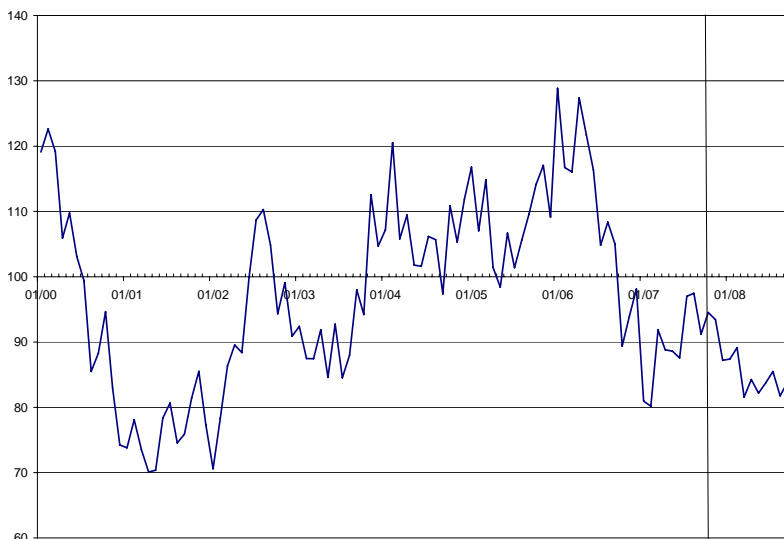
The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the Index of Consumer Sentiment sank to 76.1, its lowest level in two years and the US leading index announced by the Conference Board also decreased 0.5 percent. For the local economy, the CBAI index suggests that economic growth will be below its historical trend, in large part because of the slowing national economic activity.

Chicago Business Activity Index

Release Date:
December 15, 2007

Next Release Date:
January 15, 2008

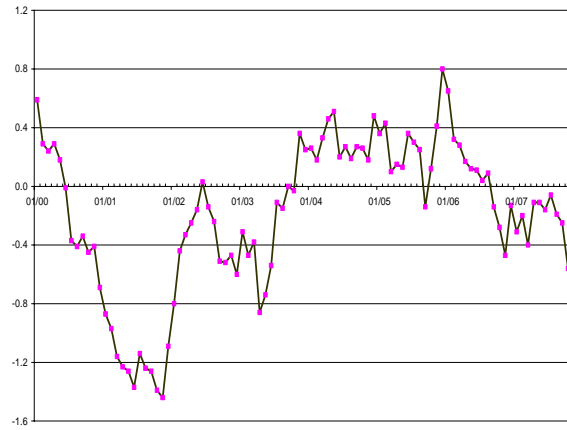
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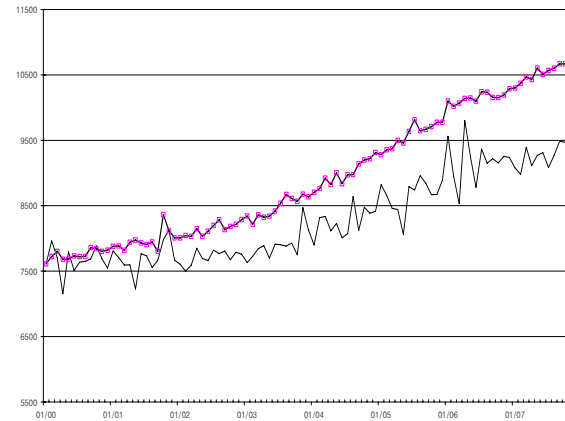
CBAI (Current: 94.5)			
	1 month	3 month	1 year
Historical (ago)	91.2	97.0	89.4
Forecast (ahead)	93.4	87.4	86.0

Chicago Business Activity Index

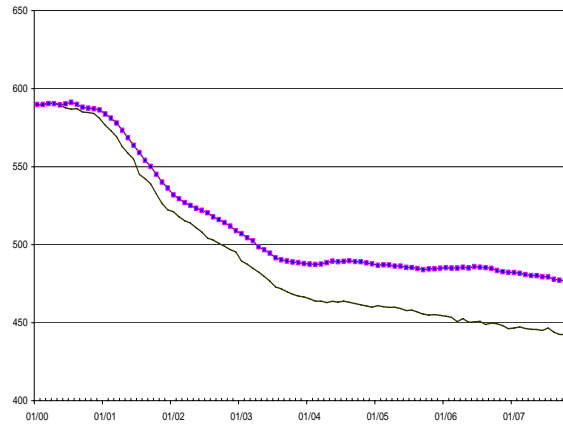
Chicago Fed National Activity Index (CFNAI-MA3)



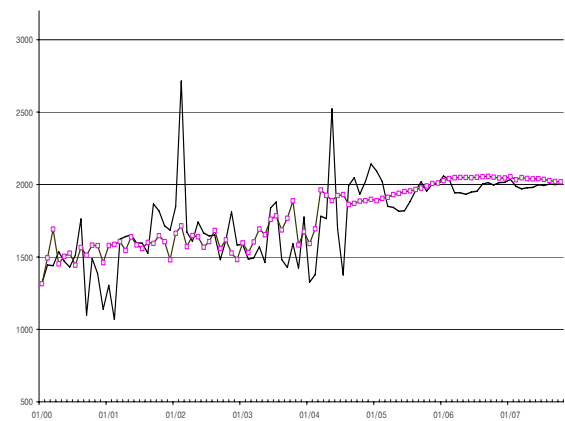
Chicago & National Retail Sales



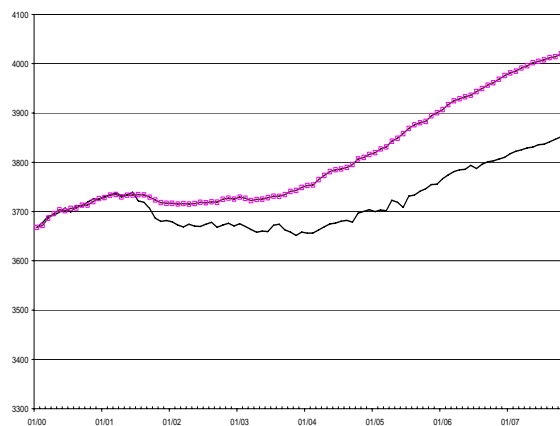
Chicago & National Manufacturing Employment



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	-1.38	-0.53	-0.11	-1.56	-0.94	-0.04
NMfgn	1.49	0.31	0.15	1.28	0.39	0.13
Cons	-1.57	-0.82	-0.12	0.33	0.47	0.15
Retail	5.11	0.98	0.00	3.43	4.23	-0.23

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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