

CHICAGO BUSINESS ACTIVITY INDEX

CBAI fell in March

The Chicago Business Activity Index (CBAI) was 70.7 in March, the eighth consecutive below the long-term trend reading since August 2007. This was mainly attributed to the weak national economy and the negative contribution of both the manufacturing and non-manufacturing sectors. 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 March, the national economy showed weak features. The Chicago Fed National Activity Index (CFNAI) was -0.78. The revised CFNAI for February was -1.28, down from -1.04. Retail sales, announced by U.S. Census Bureau, decreased by 0.62 percent due to high fuel and food prices. The economic performance in Chicago presented mixed features. Though construction activity and retail sales increased 0.45 and 0.22 percent respectively, the Chicago Fed Midwest manufacturing Index (CFMMI) decreased 0.7 percent.

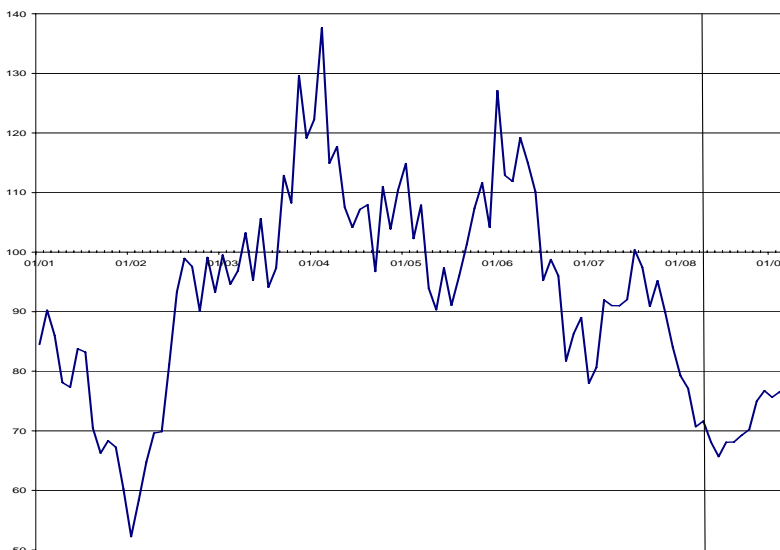
The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the Index of Consumer Sentiment sunk to quarter century low level of 62.6 in the April survey and the Index of Consumer Expectations was 53.3. The boosting effect of tax rebate is expected to be limited as most consumers prefer to repay debt and add to saving to increase their financial flexibility. 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:
May 15, 2008

Next Release Date:
June 15, 2008

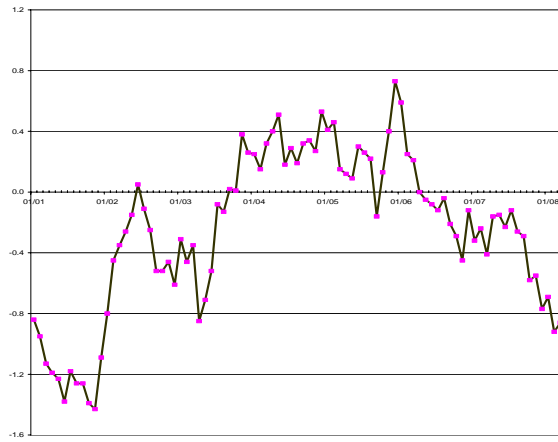
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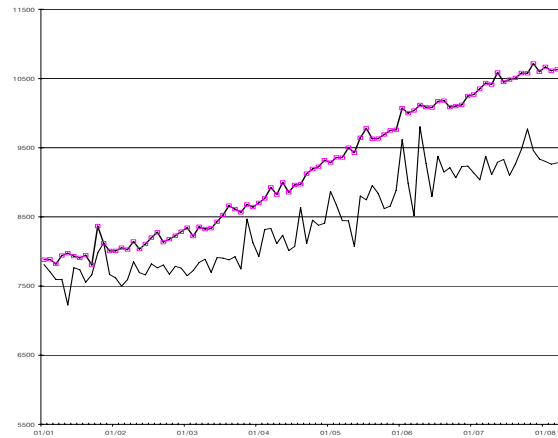
CBAI (Current: 70.7)			
	1 month	3 month	1 year
Historical (ago)	77.1	84.1	92.0
Forecast (ahead)	71.6	65.7	74.8

Chicago Business Activity Index

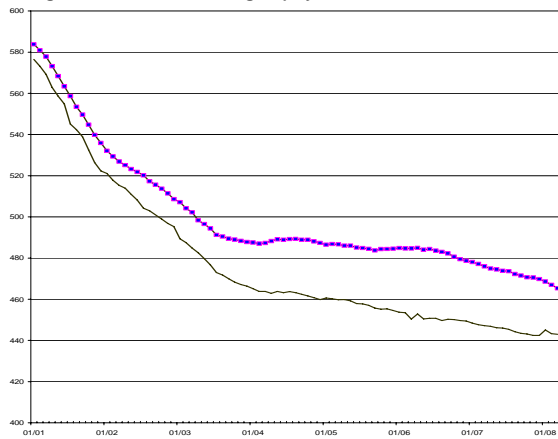
Chicago Fed National Activity Index (CFNAI-MA3)



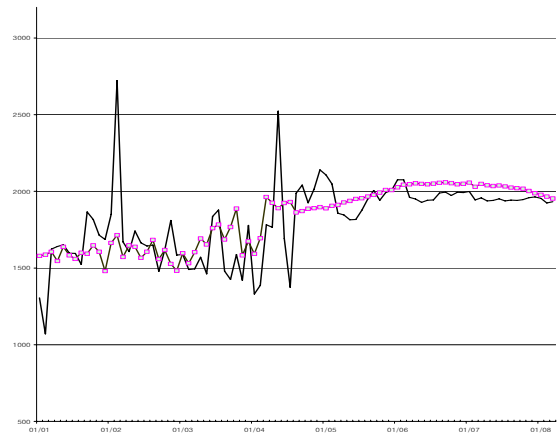
Chicago & National Retail Sales



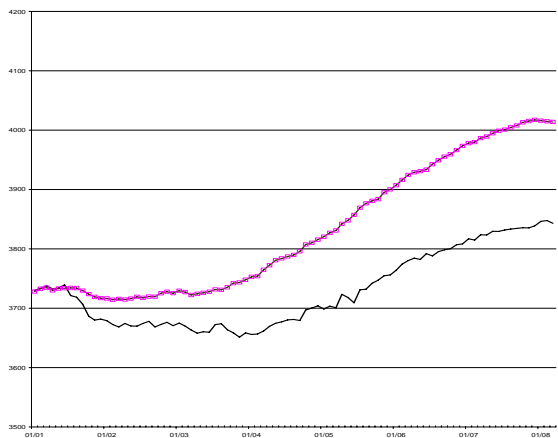
Chicago & National Manufacturing Employment



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	-2.23	-0.94	-0.35	-0.93	0.12	-0.06
NMfgn	0.68	-0.09	-0.03	0.51	0.11	-0.12
Cons	-4.65	-1.73	-0.62	-1.25	-1.58	0.45
Retail	1.90	0.32	0.19	-0.99	-0.56	0.22

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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