

**CHICAGO BUSINESS ACTIVITY INDEX**

**CBAI held steady in July**

The Chicago Business Activity Index (CBAI) was 65.5 in July, up slightly from 65.3 in June. The Index continued to be below the long-term trend since July 2006. Household consumption improved moderately in July, offsetting the contraction of construction activity. 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 July, the national economy showed weak features. Retail sales decreased by 0.58 percent and total non-farm employment, announced by Department of Labor, fell by 51,000 in July. Meanwhile, the regional economy presented mixed features. The Chicago Fed Midwest Manufacturing Index (CFMMI) rose 0.4 percent and the Federal Reserve Board's industrial production index for manufacturing (IPMFG) also increased 0.4 percent in July. However, construction dropped by 0.24 percent. Also, the unemployment rate in Illinois soared to 7.3 percent, which was the highest since it had reached since the September 1993 value of 7.5 percent.

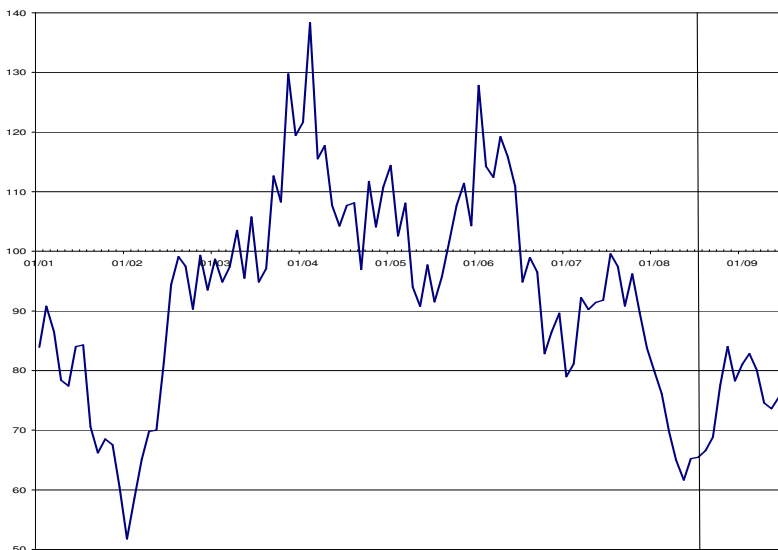
The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, a high degree of uncertainty surrounds future economic developments, largely due to surging financial market unrest and high energy prices. For the local economy, the CBAI index suggests that the regional economic growth will be below its historical trend, in large part because of the sluggish national economic activity.

**Chicago Business Activity Index**

*Release Date:*  
September 16, 2008

*Next Release Date:*  
October 15, 2008

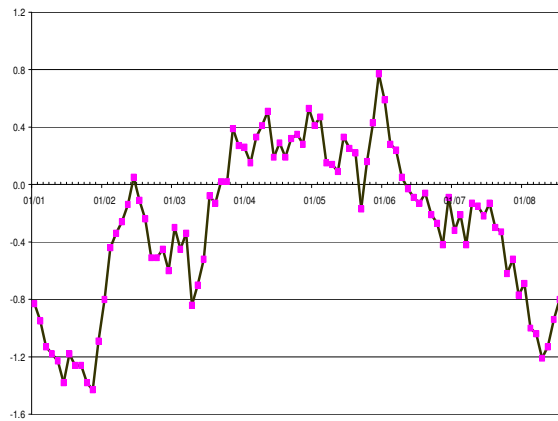
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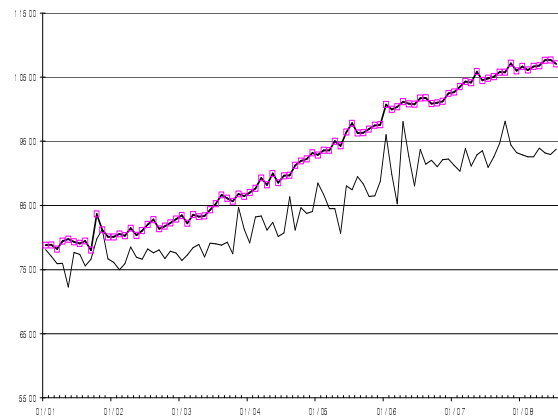
<b>CBAI</b> (Current: 65.5)			
	1 month	3 month	1 year
Historical (ago)	65.3	65.0	99.6
Forecast (ahead)	66.0	77.6	75.1

# Chicago Business Activity Index

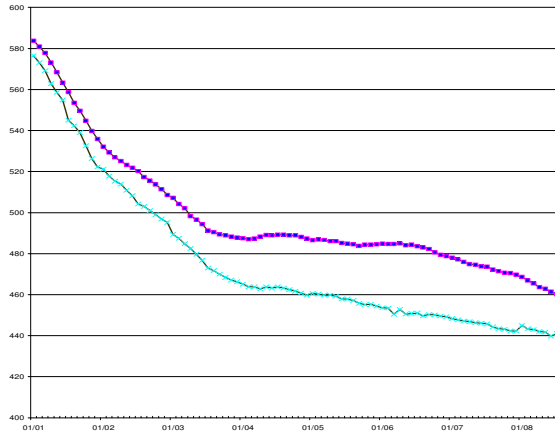
Chicago Fed National Activity Index (CFNAI-MA3)



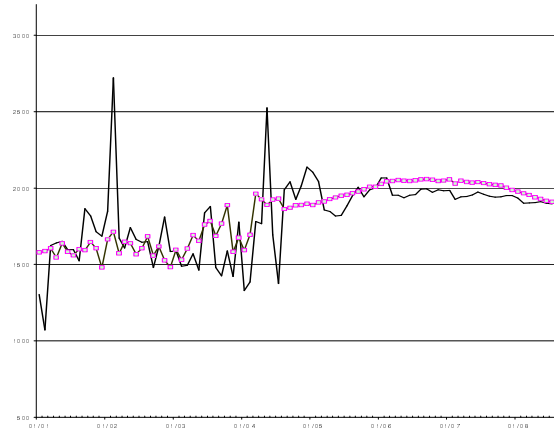
Chicago & National Retail Sales



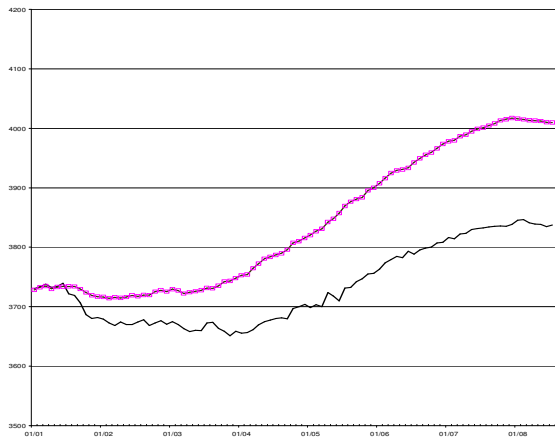
Chicago & National Manufacturing Employment



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	-2.85	-0.76	-0.28	-1.05	-0.21	0.28
NMfgn	0.22	-0.08	-0.02	0.12	-0.05	0.07
Cons	-5.97	-1.48	-0.28	-3.22	-0.42	-0.24
Retail	2.13	0.26	-0.58	3.12	-0.16	0.90

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 principal components regression method, directs attention to the relationship between local and national business cycle.

REGIONAL | ECONOMICS | APPLICATIONS | LABORATORY

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