

CHICAGO BUSINESS ACTIVITY INDEX

CBAI held steady in October

The Chicago Business Activity Index (CBAI) was 52.9 in October, continuing a reading far below the long-term trend. 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 mixed features, compared to the previous month. The coincident index of the Conference Board increased 0.2 percent, following five consecutive monthly declines. The Chicago Fed National Activity Index (CFNAI) was -1.06 in October, up from -3.11 in September. Nonetheless, both the number of unemployed persons and the unemployment rate continued to increase in October: the number of unemployed person increased 603,000 and the unemployment rate rose from 6.1 percent to 6.5 percent. The regional economy continued to present weak features in October. Manufacturing, non-manufacturing and construction employment decreased 0.26 percent, 0.18 percent and 1.10 percent respectively, compared to the previous month. The Chicago Fed Midwest Manufacturing Index (CFMMI) declined 1.0% in October, mainly due to the drops of steel, auto and machinery output.

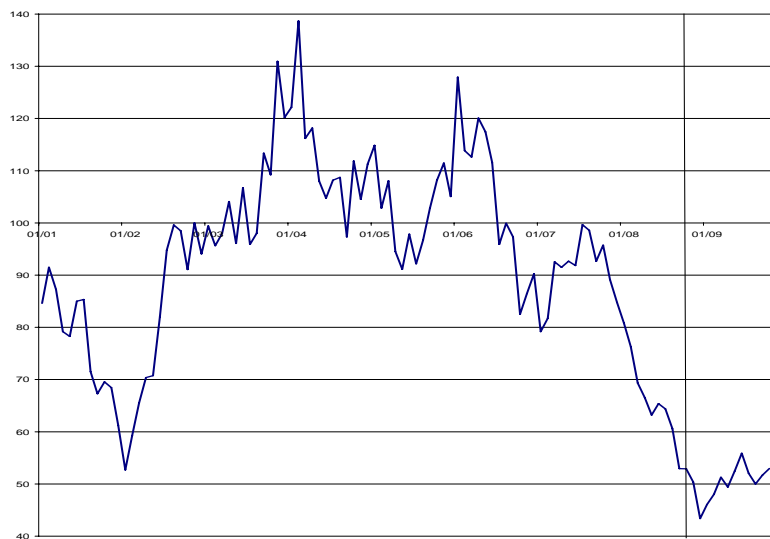
The national economy and regional economy seem to continue on a slower economic growth trend. For the national economy, the Conference Board Consumer Confidence Index was 44.9 in November. This means that consumers are pessimistic about the economic path in the future. For the local economy, the CBAI index suggests that the regional economic growth will be well below its historical trend.

Chicago Business Activity Index

Release Date:
December 17, 2008

Next Release Date:
January 15, 2009

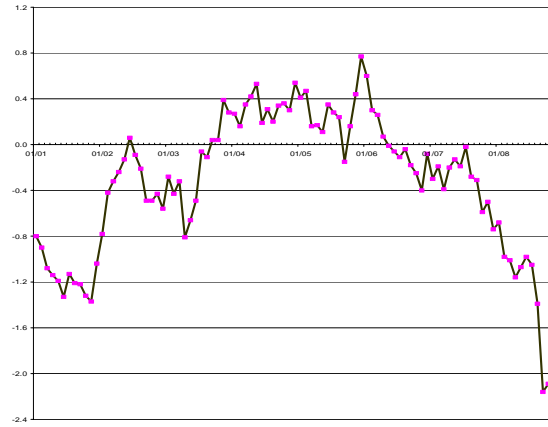
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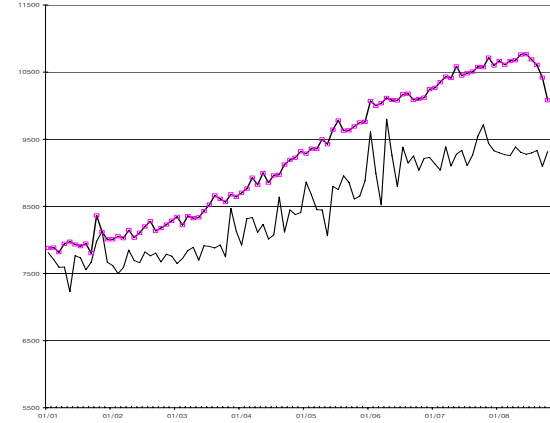
CBAI (Current: 52.9)			
	1 month	3 month	1 year
Historical (ago)	52.9	64.4	95.7
Forecast (ahead)	50.4	46.1	53.0

Chicago Business Activity Index

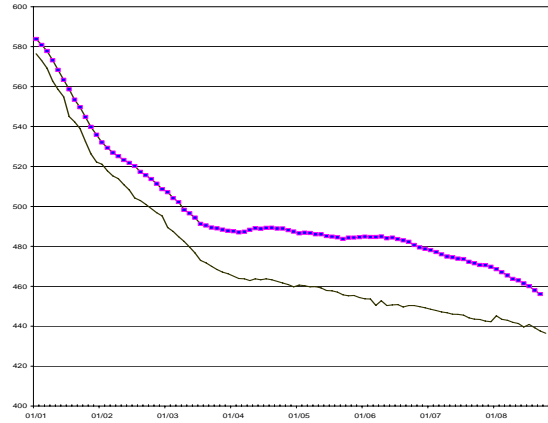
Chicago Fed National Activity Index (CFNAI-MA3)



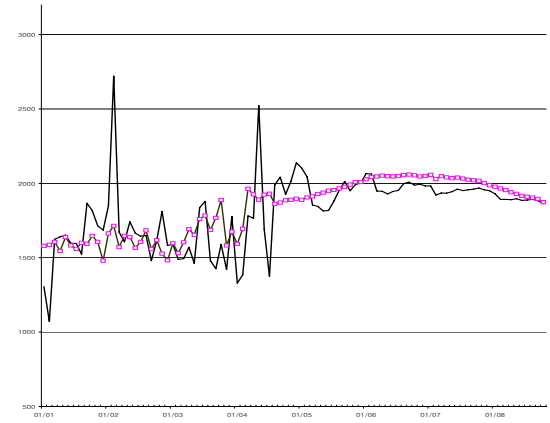
Chicago & National Retail Sales



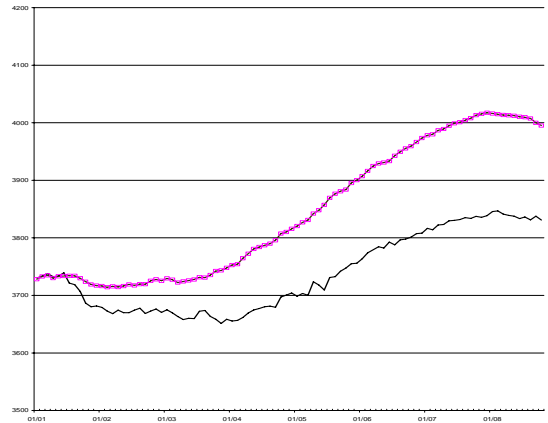
Chicago & National Manufacturing Employment



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	-3.75	-1.53	-0.67	-1.55	-1.00	-0.26
NMfgn	-0.45	-0.36	-0.12	-0.17	-0.14	-0.18
Cons	-7.17	-1.94	-0.90	-5.40	-1.36	-1.10
Retail	-4.66	-5.69	-3.24	-4.12	0.21	2.42

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.

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