

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in October

The Chicago Business Activity Index (CBAI) was 70.3 in October, up significantly from 58.6 in September. Even though October’s index remains still well below its historical trend, the recent movement of the index implies that the region’s economic activity is continuing to improve.

In October the national and regional economy presented generally bright features. The Federal Reserve Board’s industrial production index increased 0.1 percent in October; and retail sales (excluding food services) increased 1.3 percent in October after having dropped 2.2 percent in September. The Chicago Fed Midwest Manufacturing Index (CFMMI) continued to increase in October, increasing 0.5 percent after registering an increase of 0.7 percent in September. Meanwhile, The Chicago Fed National Activity Index (CFNAI) was -1.08 in October, down very slightly from -1.01 in September. In the Chicago region, manufacturing and non-manufacturing employment decreased 0.3 percent and 0.1 percent respectively in October while construction employment leveled off.

The downside risk to economic growth has been mitigated substantially by the proactive fiscal and monetary policy initiatives. In particular, the recent national employment situation exhibits a favorable sign that the labor market is recovering gradually from the abrupt deterioration since the beginning of the recession. The unemployment rate decreased to 10.0 percent in November from 10.2 percent in October. Also, declining trend of nonfarm payroll employment has been subdued by degrees: 1Q -2,074,000 → 2Q -1,285,000 → 3Q -597,000 → October -111,000 → November -11,000. For the local economy, considering recent national economic conditions, the Chicago economy is expected to continue on an improving trend in the near future. However, the CBAI still continues to be far below the long-term trend, suggesting that it would take considerable time to gain the momentum of economic expansion.

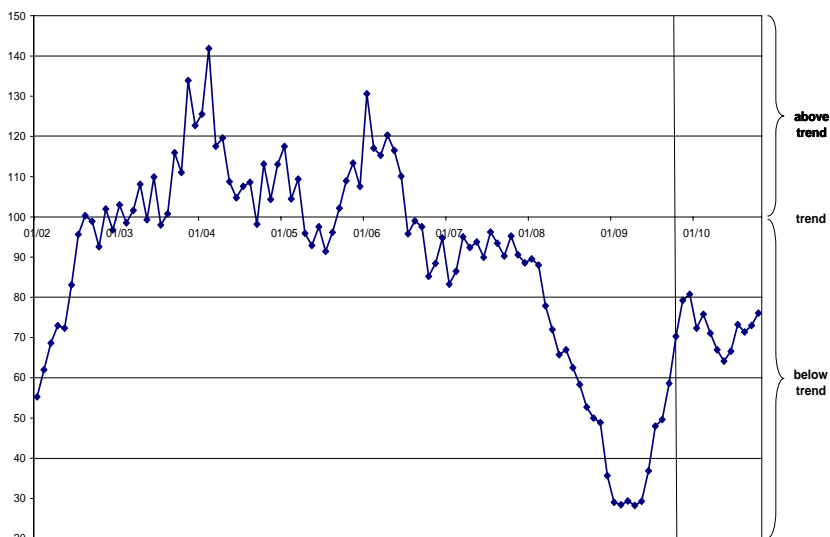
Chicago Business Activity Index

Release Date:
December 16, 2009

Next Release Date:
January 15, 2010

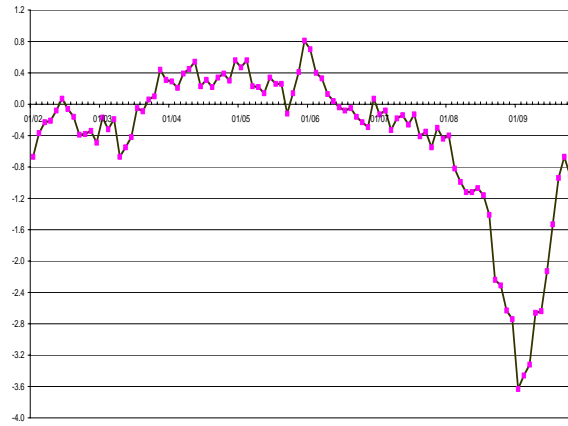
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CBAI (Current: 70.3)			
	1 month	3 month	1 year
Historical (ago)	58.6	48.0	50.0
Forecast (ahead)	79.3	72.4	76.1

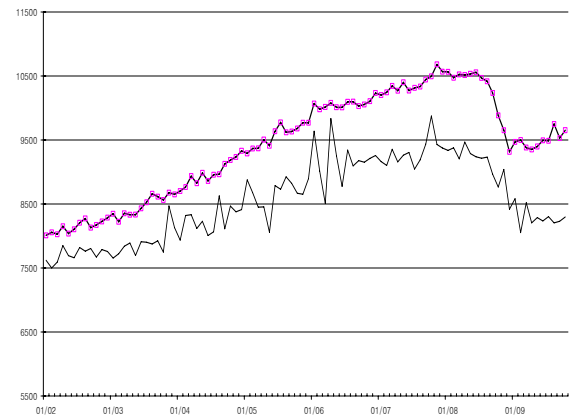


Chicago Business Activity Index

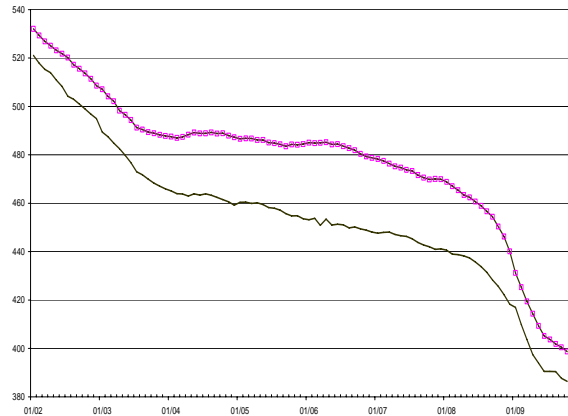
Chicago Fed National Activity Index (CFNAI-MA3)



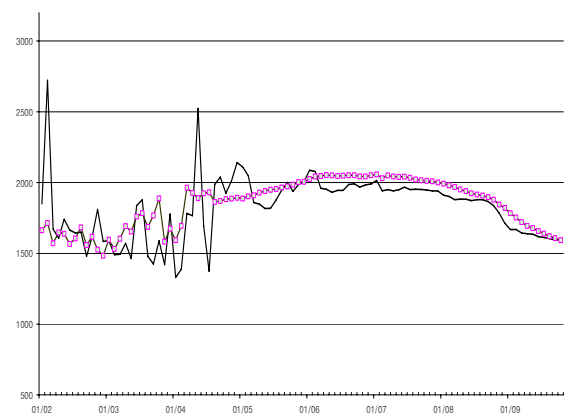
Chicago & National Retail Sales



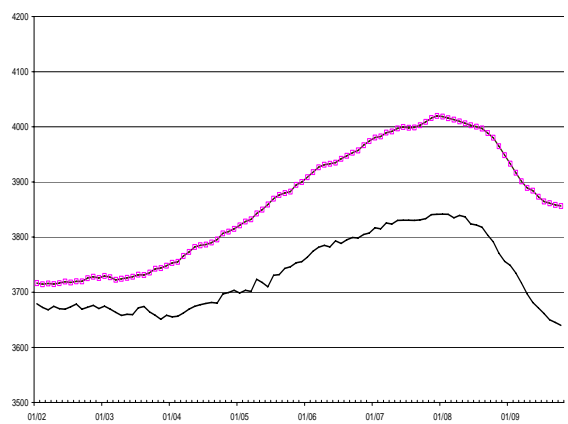
Chicago & National Manufacturing Employment



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	-11.47	-1.24	-0.43	-9.22	-1.04	-0.31
NMfgn	-3.11	-0.21	-0.05	-3.99	-0.58	-0.14
Cons	-15.27	-2.84	-0.93	-13.17	-1.04	0.01
Retail	-2.34	1.75	1.28	-5.34	-0.06	0.83

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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