CBAI increased in June

The Chicago Business Activity Index (CBAI) was 93.7 in June, up from 88.5 in May. The increase in June could be attributed mainly to the improvement in construction activity in Chicago region.

In June, the national and regional economy presented mixed features. The Federal Reserve Board announced that the Industrial Production Index, at 92.5, barely increased 0.1 percent in June after three months of gains and the capacity utilization rate for total industry remained unchanged in June at 74.1 percent. In addition, the national retail sales decreased 0.3 percent in June. Both the number of unemployed persons, at 14.6 million, and the unemployment rate, at 9.5 percent, edged down in June. The Chicago Fed reported that its Chicago Fed National Activity Index (CFNAI) decreased to -0.63 in June, from 0.31 in May. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) decreased 0.38 percent in June, after a 1.7 percent increase in May. In the Chicago region in June, manufacturing employment decreased 0.38 percent while non-manufacturing employment decreased 0.35 percent and construction employment increased by 0.97 percent. Regional retail sales are estimated to have increased 0.1 percent in June.

In the coming months, the national economy is likely to maintain its improving trend. During the past few months, the national employment situation has continued to improve. The Bureau of Labor Statistics reported the total nonfarm payroll employment decreased by 125,000 in June, reflecting the departure of 225,000 temporary Census 2010 workers from federal government payrolls. Total private employment edged up over the month (+83,000) due to modest increases in several industries. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to be on an improving trend in the near future.

Chicago Business Activity Index

Release Date: August 17, 2010
Next Release Date: September 17, 2010

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<table>
<thead>
<tr>
<th>CBAI (Current: 93.7)</th>
<th>1 month</th>
<th>3 month</th>
<th>1 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historical (ago)</td>
<td>88.5</td>
<td>93.1</td>
<td>39.6</td>
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<tr>
<td>Forecast (ahead)</td>
<td>110.4</td>
<td>96.6</td>
<td>89.9</td>
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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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