

**CHICAGO BUSINESS ACTIVITY INDEX**

**CBAI fell in June**

The Chicago Business Activity Index (CBAI) was 90.5 in June, a decrease from 94.2 in May. The drop of the index in June could be attributed mainly to the sluggishness in national economic activity and the decrease of nonfarm employment in the Chicago region.

In June, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production increased 0.2 percent in June after having edged down 0.1 percent in May. The capacity utilization for total industry unchanged at 76.7 percent in June. In addition, national retail sales increased 0.27 percent in June. The number of unemployed persons (14.1 million) and the unemployment rate (9.2 percent) were essentially unchanged over the month.

The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to -0.46 in June, from -0.55 in May. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) was unchanged in June. In the Chicago region in June, manufacturing employment decreased 0.06 percent while non-manufacturing employment decreased 0.06 percent and construction employment increased by 0.37 percent. Regional retail sales are estimated to have increased 1.49 percent in June.

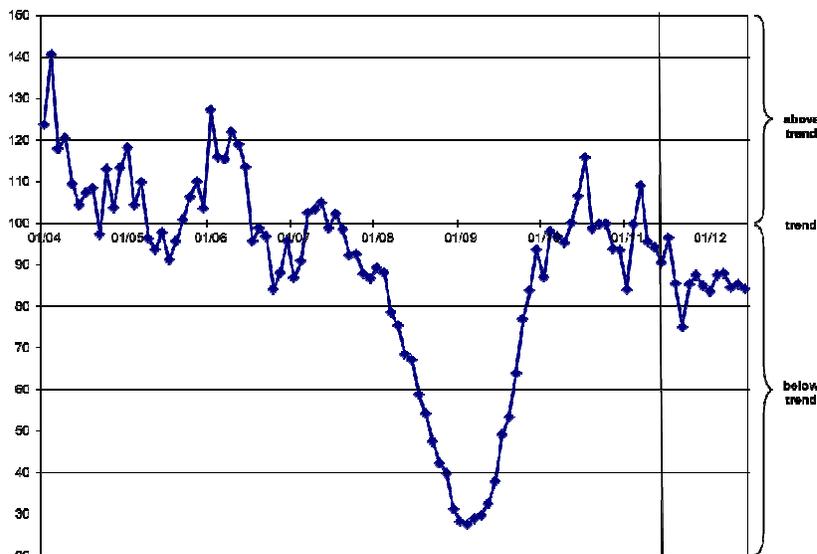
In the coming months, the national economy is likely to maintain its modest, but slowing recovery trend. The Bureau of Labor Statistics reported total nonfarm payroll employment was essentially unchanged in June (+18,000). Employment in most major private-sector industries changed little over the month. Government employment continued to trend down. With regard to inflation, the economic slack reflected in June's CFNAI-MA3 suggests subdued inflationary pressure from economic activity over the coming year. The risk of double-dip recession has risen. For the local economy, considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to continue its modest improving trend over the next several months.

**Chicago Business Activity Index**

*Release Date:*  
August 18, 2011

*Next Release Date:*  
September 16, 2011

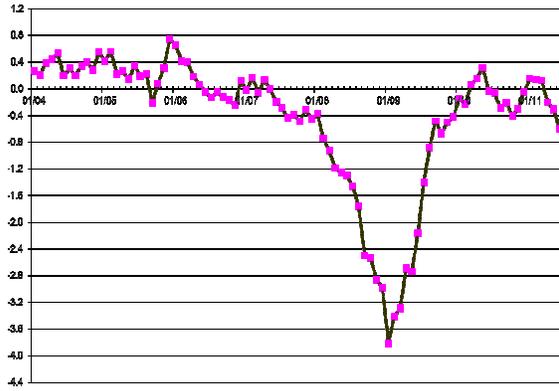
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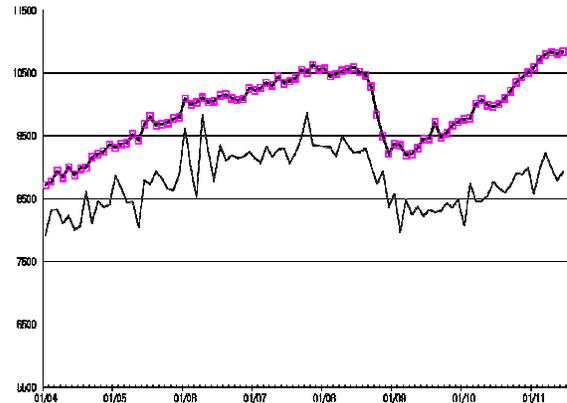
<b>CBAI</b> (Current: 90.5)			
	1 month	3 month	1 year
Historical (ago)	94.2	109.0	106.6
Forecast (ahead)	96.4	75.0	84.2

# Chicago Business Activity Index

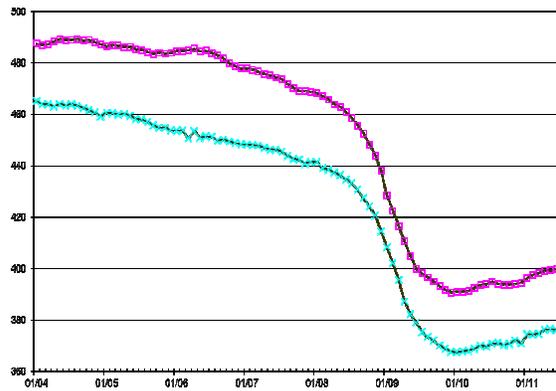
Chicago Fed National Activity Index (CFNAI-MA3)



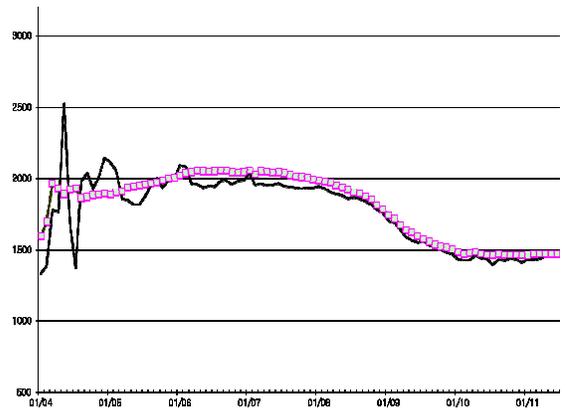
Chicago & National Retail Sales



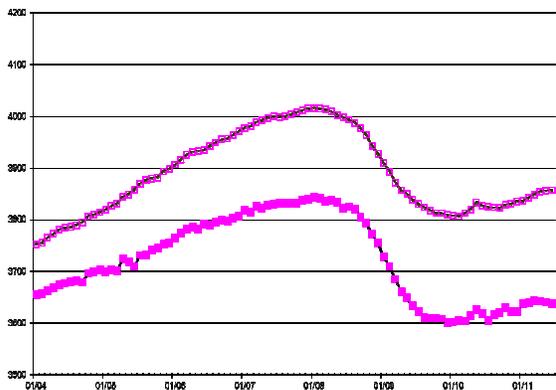
Chicago & National Manufacturing Employment



Illinois & National Construction



Chicago & National Non-manufacturing Employment



\* Black lines show Chicago indicators.

## Economic Activity: Summary

Percentage change compared to the previous period

Months ago	National			Chicago		
	12	3	1	12	3	1
Mfgn	1.50	0.39	0.09	1.72	0.40	-0.06
NMfgn	0.78	0.23	0.03	0.51	-0.14	-0.06
Cons	0.24	0.04	-0.09	3.22	3.38	0.37
Retail	8.77	0.43	0.27	1.79	-3.30	1.49

Note: All series are seasonally adjusted.

National indicators are rescaled for comparison.

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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