

**CHICAGO BUSINESS ACTIVITY INDEX**

**CBAI increased in July**

The Chicago Business Activity Index (CBAI) was 93.5 in July, an increase from 91.5 in June. The increase of the index in July could be attributed mainly to the increase of private consumption and the recovery of manufacturing employment in the Chicago region.

In July, the national and regional economy presented mixed features. The Federal Reserve Board announced that industrial production advanced 0.9 percent in July. The capacity utilization for total industry climbed to 77.5 percent in July. In addition, national retail sales increased 0.35 percent in July. The number of unemployed persons (13.9 million) and the unemployment rate (9.1 percent) changed little in July.

The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to -0.06 in July, from -0.38 in June. Meanwhile, the Chicago Fed Midwest Manufacturing Index (CFMMI) increased 0.47 percent in July. In the Chicago region in July, manufacturing employment increased 0.5 percent while non-manufacturing employment increased 0.08 percent and construction employment decreased by 1.16 percent. Regional retail sales are estimated to have increased 0.18 percent in July.

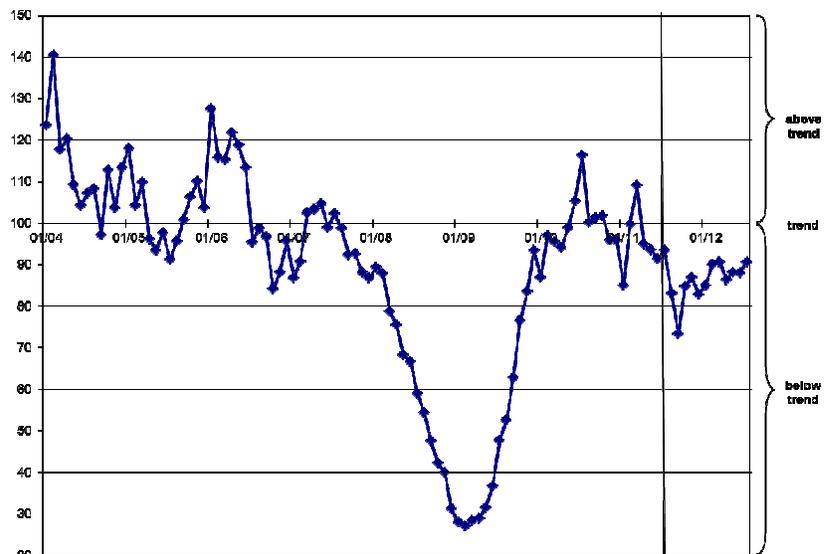
In the coming months, the national economy is likely to maintain its modest, but slowing recovery trend. The Bureau of Labor Statistics reported Total nonfarm payroll employment rose by 117,000 in July. Job gains occurred in health care, retail trade, manufacturing, and mining. Government employment continued to trend down. With regard to inflation, the economic slack reflected in July'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:*  
September 20, 2011

*Next Release Date:*  
October 18, 2011

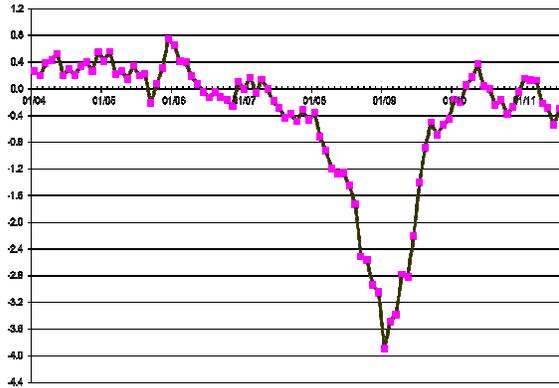
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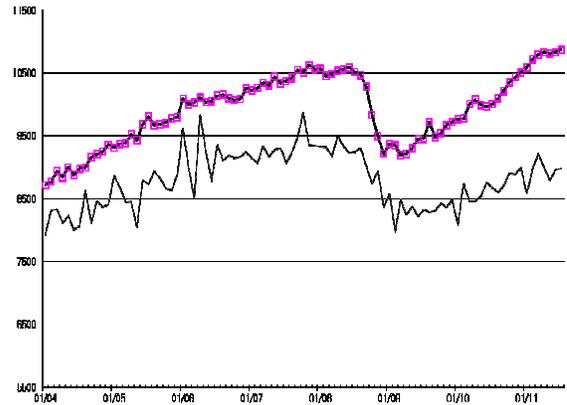
<b>CBAI</b> (Current: 93.5)			
	1 month	3 month	1 year
Historical (ago)	91.5	95.0	116.3
Forecast (ahead)	83.1	84.7	90.5

# Chicago Business Activity Index

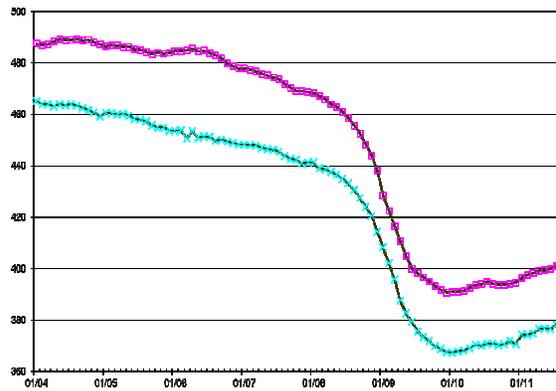
Chicago Fed National Activity Index (CFNAI-MA3)



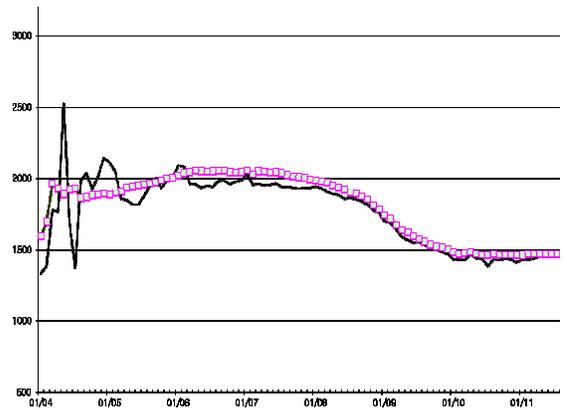
Chicago & National Retail Sales



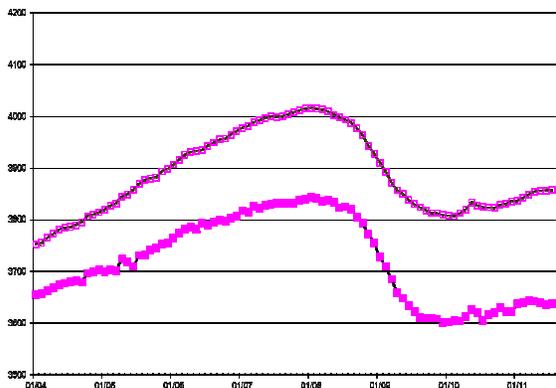
Chicago & National Manufacturing Employment



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	1.55	0.49	0.31	2.04	0.50	0.50
NMfgn	0.86	0.08	0.04	0.91	-0.11	0.08
Cons	0.53	0.05	0.13	6.14	0.77	-1.16
Retail	8.64	0.36	0.35	3.58	-0.19	0.18

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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