

CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in December

The Chicago Business Activity Index (CBAI) was 97.2 in December, a modest increase from 96.7 in November. The increase is attributed mainly to the improvement of retail sector and the employment of manufacturing in the Chicago region and to a rise in nationwide economic activities in major sectors such as manufacturing, non-manufacturing and construction.

In December, the national and regional economy presented several positive features. The Federal Reserve Board announced that industrial production increased 0.4% in December after having declined 0.2% in November. The capacity utilization for total industry showed a rise to 78.1% from 77.8% in November. Meanwhile, national retail sales changed little in December. The nation’s unemployment rate edged down to 8.5% in December from the previous month’s 8.7%.

The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) rose to +0.17 in December, from -0.46 in November. The Chicago Fed Midwest Manufacturing Index (CFMMI) increased 1.7% in December. In the Chicago region in December, manufacturing employment increased 0.13%; while non-manufacturing employment fell 0.15% and construction employment decreased 1.89%. Regional retail sales are estimated to have increased 0.05% in December.

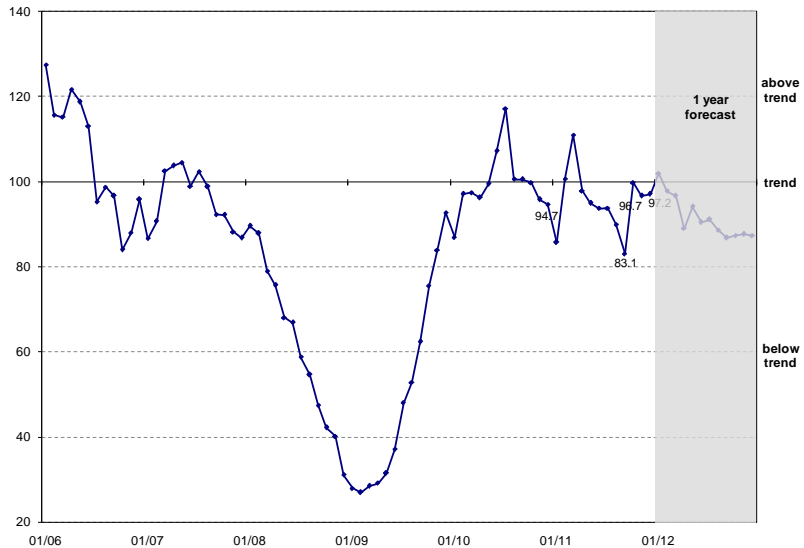
In the coming months, the national economy is likely to maintain its bumpy recovery trend. The Bureau of Labor Statistics reported total nonfarm payroll employment rose by 243,000 in January 2012 following a 203,000 increase in December 2011. For the local economy, however, the projected time series indicate that economic activities in manufacturing and construction sectors will show negative or weak growth for several months onwards. Considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to experience a period of fluctuations and continue its weak improving trend over the next several months.

Chicago Business Activity Index

Release Date:
February 17, 2012

Next Release Date:
March 16, 2012

Visit our web-site
at www.real.illinois.edu

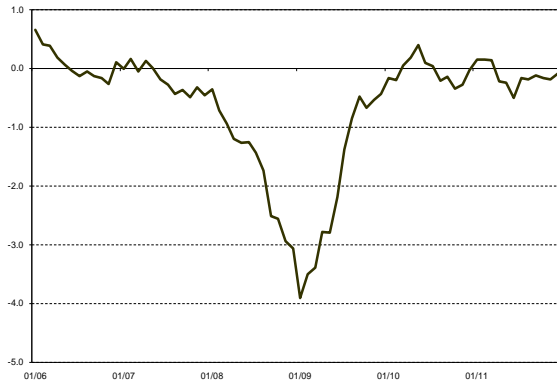


CBAI (Current: 97.2)			
	1 month	3 month	1 year
Historical (ago)	96.7	83.1	94.7
Forecast (ahead)	102.0	96.7	87.4

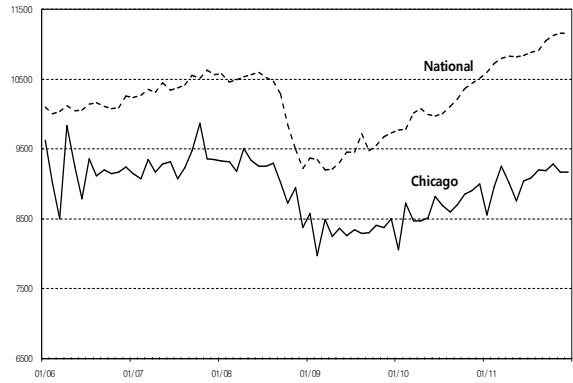
Chicago Business Activity Index

* National indicators are rescaled for comparison.

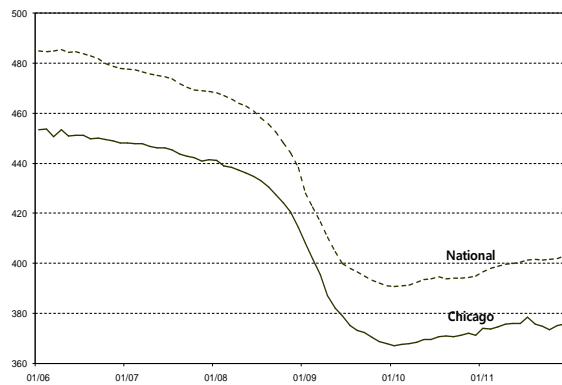
Chicago Fed National Activity Index (CFNAI-MA3)



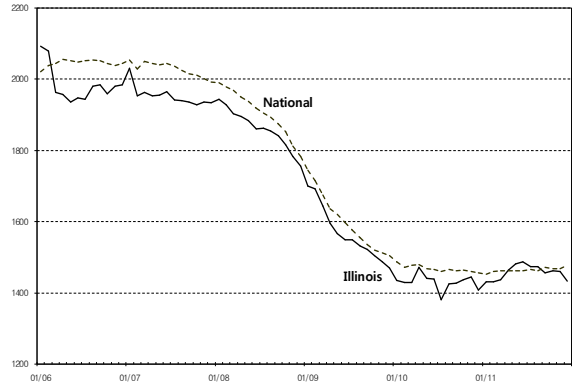
Chicago & National Retail Sales



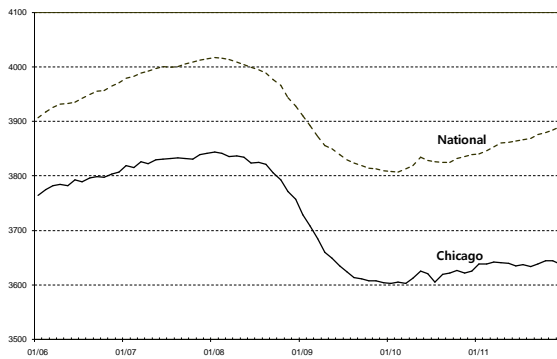
Chicago & National Manufacturing Employment



Illinois & National Construction



Chicago & National Non-manufacturing Employment



Economic Activity: Summary

Percentage change compared to the previous period

Months ago	National			Chicago		
	12	3	1	12	3	1
Mfgn	2.05	0.37	0.27	1.18	0.21	0.13
NMfgn	1.33	0.36	0.14	0.35	0.01	-0.15
Cons	1.35	0.42	0.56	1.82	-1.56	-1.89
Retail	6.13	0.90	-0.02	1.96	-0.23	0.05

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.

REGIONAL | ECONOMICS | APPLICATIONS | LABORATORY

For more information please contact:
Kijin Kim, Research Assistant
T. 217/244-7226; kkim96@illinois.edu

University of Illinois
220 Davenport Hall, 607 S. Mathews Ave.
Urbana, IL 61801-3671, www.real.illinois.edu