CBAI decreased in April

The Chicago Business Activity Index (CBAI) was 104.4 in April, down from 105.5 in March. The decline is attributed mainly to the decrease of construction employment and the weakened retail sector in the Chicago region.

In April, the national and regional economy presented mixed features. The Federal Reserve Board announced that total industrial output rose 1.1% in April after having fallen 0.6% in March. Capacity utilization in industry increased to 79.2% from 78.4% in the past month. The nation’s unemployment rate was little changed at 8.1% in April. The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) rose to +0.11 in April from -0.44 in March mainly due to a positive contribution of the production and income categories. In the Chicago region, manufacturing output, measured by the Chicago Fed Midwest Manufacturing Index (CFMMI), increased 2.4% and was mainly attributed by a rise in auto sector production. However, construction employment fell 0.34% and retail sales are estimated to have fallen 0.24% in April. Meanwhile, employment in manufacturing was little changed and non-manufacturing employment increased 0.12% in April.

In the coming months, the national economy is likely to continue its weak recovery trend. The Bureau of Labor Statistics reported total nonfarm payroll employment changed little in May (+69,000), and the unemployment rate was essentially unchanged at 8.2%. The CFNAI-MA3 suggests subdued inflationary pressure from economic activity over the coming year. Considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to continue its weak economic activity over the next several months.

Chicago Business Activity Index

Release Date:
June 18, 2012

Next Release Date:
July 18, 2012

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

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