CHICAGO BUSINESS ACTIVITY INDEX

CBAI increased in July

The Chicago Business Activity Index (CBAI) edged up to 89.9 in July from 89.2 in June. The rise is attributed mainly to the increase in employment of manufacturing in the Chicago region and an improvement of national economic activities in major sectors such as manufacturing, nonmanufacturing and retail.

In July, the national and regional economy presented several positive features. The Federal Reserve Board announced that total industrial (manufacturing) production increased 0.6% (0.5%) in July after having risen 0.1% (0.5%) in June. Capacity utilization in total industry (manufacturing) increased to 79.3% (77.8%) in July from 78.9% (77.6%) in the past month. The nation’s unemployment rate was little changed at 8.3% in July. The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) increased to -0.13 in July from -0.34 in June mainly due to a positive contribution of the production and income category. In the Chicago region, manufacturing output, measured by the Chicago Fed Midwest Manufacturing Index (CFMMI), increased 1.8% in July and was mainly attributed by a rise in auto sector production. Employment in manufacturing increased 0.67% while employment in nonmanufacturing and construction declined 0.02% and 0.22% respectively. Retail sales are estimated to have fallen 0.54% in July.

In the coming months, the national economy is likely to continue to show signs of weak recovery. The Bureau of Labor Statistics reported total nonfarm payroll employment rose by 96,000, and the unemployment rate edged down to 8.1% in August. The CFNAI-MA3 suggests that growth in national economic activity was below its historical trend. 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.

Release Date:
September 18, 2012

Next Release Date:
October 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