

CHICAGO BUSINESS ACTIVITY INDEX – DECEMBER 2014

CBAI decreased in December

The Chicago Business Activity Index (CBAI) decreased to 89.9 in December from 92.5 in November. The fall is attributed to negative job growth in the construction sector in the Chicago area.

In December, the national and regional economies shared negative features. The Federal Reserve Board announced that the industrial production index decreased 0.3 percent in December after having risen 1.1 percent in November. Capacity utilization for the industrial sector fell 0.4 percentage points to 79.4 in December. The Chicago Fed reported that the Chicago Fed National Activity Index (CFNAI) moved down to +0.39 in December from +0.54 in November, led by a fall in production- and consumption-related indicators. In the Chicago region, employment in manufacturing and nonmanufacturing rose 0.05 percent and 0.14 percent, respectively, in December. Employment in construction decreased 0.44 percent. Retail sales are estimated to have increased 0.29 percent.

In the coming months, the national economy is likely to stay on the path to recovery. The economic growth reflected in the CFNAI-MA3 suggests that national economic activity was above its historical trend. The Bureau of Labor Statistics reported that total nonfarm payroll employment rose by 257,000 and the unemployment rate was little changed to 5.7 percent in January. Considering recent national economic conditions and movements of projected CBAI, the Chicago economy is expected to continue its recovery trend over the next several months.

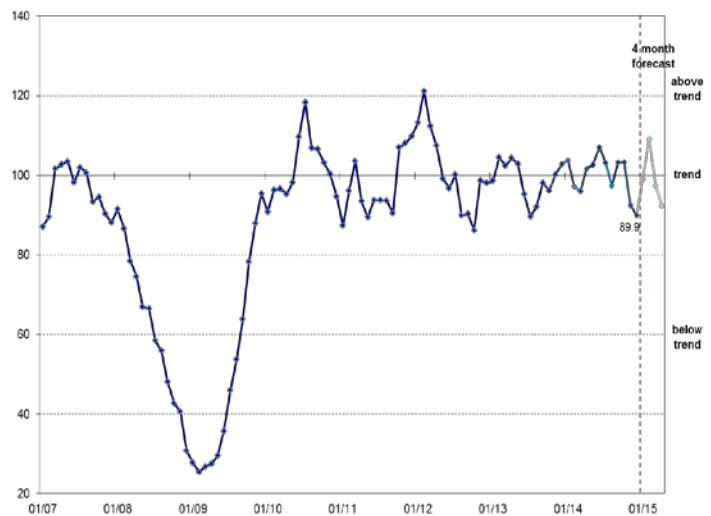
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CBAI (Current: 89.9)			
	1 month	3 month	1 year
Historical (ago)	92.5	103.2	102.8
Forecast (ahead)	99.1	97.4	-

Chicago Business Activity Index



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* National indicators are rescaled for comparison

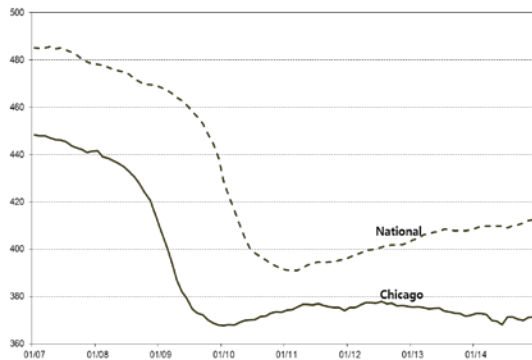
Chicago Fed National Activity Index (CFNAI-MA3)



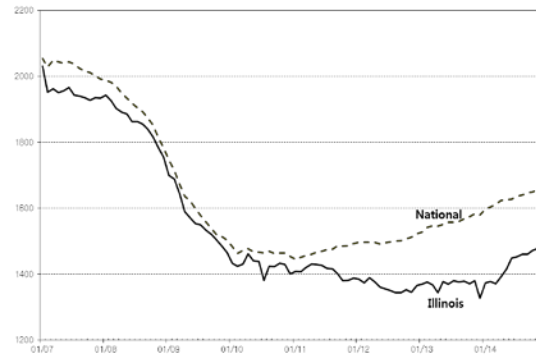
Chicago & National Retail Sales



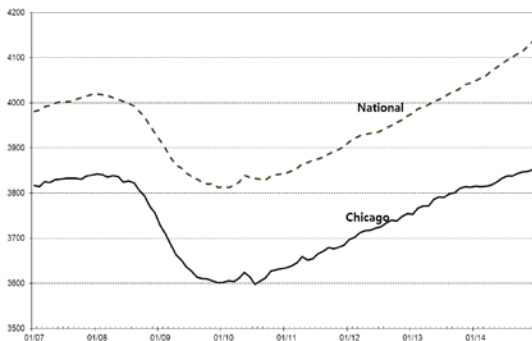
Chicago & National Manufacturing Employment



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	1.84	0.77	0.21	-0.22	0.24	0.05
NMfgn	2.31	0.69	0.24	1.04	0.24	0.14
Cons	5.69	1.36	0.71	10.91	0.83	-0.44
Retail	2.63	-0.57	-1.14	4.37	0.49	0.29

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.

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