

News Release

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The monthly CFNAI index, a weighted average of 85 indicators of national economic activity, is constructed to have an average value of zero and a standard deviation of one. A zero value for the index indicates that the national economy is expanding at its historical trend rate of growth; negative values are associated with below-trend growth, while positive values indicate above-trend growth. Month-to-month movements in the CFNAI can be volatile, so a three-month moving average version, the CFNAI-MA3, provides a more consistent picture of national economic growth. The 85 economic indicators that are included in the CFNAI are drawn from four broad categories of data: 1) production and income; 2) employment, unemployment, and hours; 3) personal consumption and housing; and 4) sales, orders, and inventories.

The next CFNAI will be released:
January 22, 2007
8:30 am Eastern Time
7:30 am Central Time

FEDERAL RESERVE BANK
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Chicago Fed National Activity Index

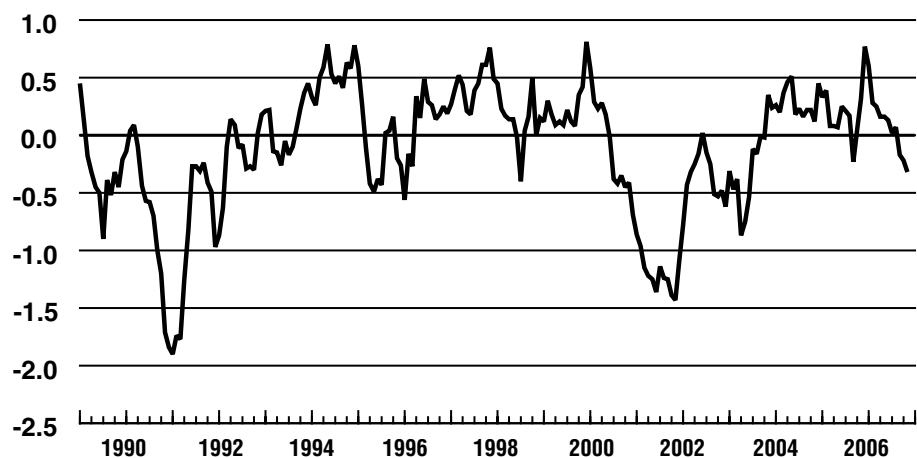
CFNAI indicates economic growth below trend in November

The Chicago Fed National Activity Index was -0.26 in November, slightly up from -0.30 in October. All of the four broad categories of indicators in the index made negative contributions (see sidebar). The three-month moving average, CFNAI-MA3, declined from -0.22 in October to -0.32 in November. A CFNAI-MA3 reading below zero is associated with below-trend economic growth; accordingly, the CFNAI-MA3 value of -0.32 for November suggests that growth in national economic activity was below its historical trend. With regard to inflation, a CFNAI-MA3 value below zero indicates little inflationary pressure over the coming year.

Production-related indicators made a negative contribution of -0.04 to the CFNAI in November after making a negative contribution of -0.23 in October. Total industrial production rose 0.2 percent in November after remaining unchanged in the previous month. Manufacturing capacity utilization held steady in November after falling 0.5 percent in October.

Employment-related indicators made a negative contribution of -0.15 to the CFNAI in November after making a negative contribution of -0.04 in the previous month. The unemployment rate edged up from 4.4 percent in October to 4.5 percent in November. Weekly hours worked in manufacturing fell 0.2 percent in November after rising 0.2 percent in October. These offset the

Chicago Fed National Activity Index, Three-Month Moving Average (CFNAI-MA3)



CFNAI and CFNAI-MA3 for the latest six months and year-ago month

	Nov '06	Oct '06	Sep '06	Aug '06	Jul '06	Jun '06	Nov '05
CFNAI							
Current	-0.26	-0.30	-0.39	+0.05	-0.16	+0.31	+0.88
Previous	N/A	-0.31	-0.38	+0.14	-0.20	+0.40	+0.78
CFNAI-MA3							
Current	-0.32	-0.22	-0.17	+0.07	+0.02	+0.13	+0.32
Previous	N/A	-0.19	-0.15	+0.11	+0.06	+0.17	+0.36

Current and Previous values reflect index values as of the December 21, 2006, release and November 21, 2006, release, respectively. N/A indicates not applicable.

gains from nonfarm payroll employment, which increased by 132,000 in November after rising by 79,000 in October.

Consumption and housing indicators made a negative contribution of -0.05 to the November CFNAI after making a contribution of -0.03 in October. Residential building permits fell 3.0 percent in November. Although aggregate housing starts rose 6.7 percent during the month, the increase was uneven across regions. Housing starts fell 6.3 percent in the Midwest and 8.1 percent in the West. The sales, orders, and inventories category made a small negative contribution of -0.02 to the November CFNAI.

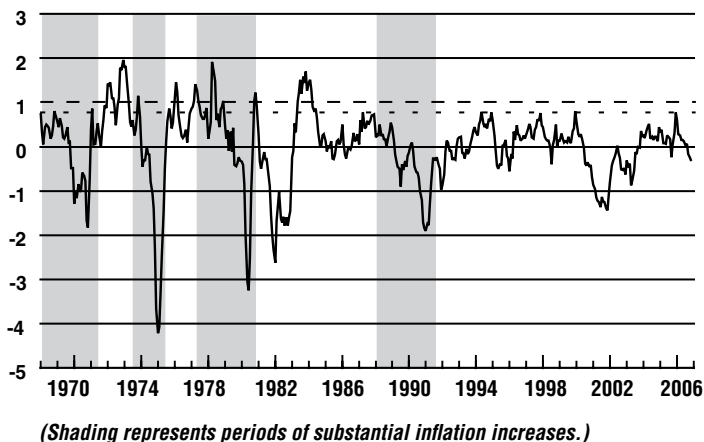
Twenty-nine of the 85 individual indicators made positive contributions to the index in November, while 56 made negative contributions. Forty-one indicators improved from October to November, while 44 indicators deteriorated. Of the improved indicators, 19 made negative contributions to the CFNAI. The CFNAI was constructed using data available as of December 19, 2006. At that time, November data for 50 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index.

The October CFNAI was revised up to -0.30 from the initial estimate of -0.31 . Revisions to the monthly index can be attributed to two main factors: revisions in previously published data and differences between the estimates of previously unavailable data and subsequently published data. The upward revision to the October CFNAI was primarily due to differences between the estimates of previously unavailable data and subsequently published data.

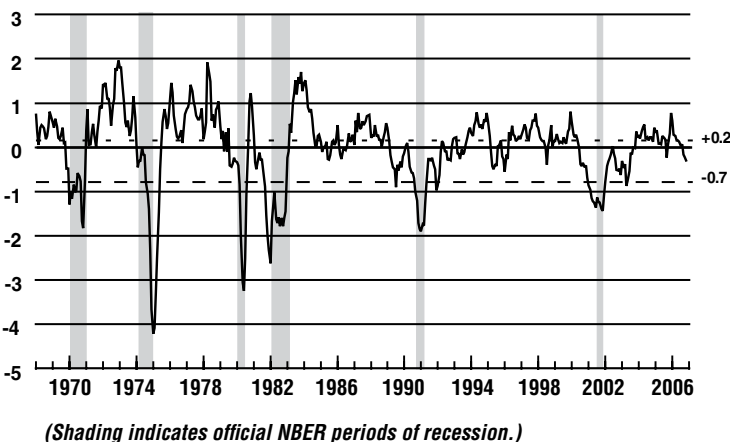
Interpreting the CFNAI-MA3

If CFNAI-MA3 > +1.00 more than two years into an economic expansion...	Substantial likelihood that a period of sustained increasing inflation has begun.
If CFNAI-MA3 > +0.70 more than two years into an economic expansion...	Increasing likelihood that a period of sustained increasing inflation has begun.
If CFNAI-MA3 > +0.20 following a period of economic contraction...	Significant likelihood that a recession has ended.
If CFNAI-MA3 < -0.70 following a period of economic expansion...	Increasing likelihood that a recession has begun.

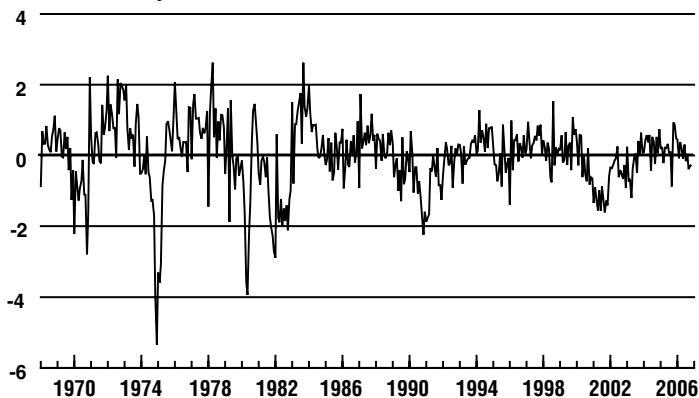
CFNAI-MA3 and Inflation Cycles



CFNAI-MA3 and Business Cycles



CFNAI, Monthly Index



2007 CFNAI Release Dates

Date of Release	Monthly Data for:
January 22, 2007	December 2006
February 20, 2007	January 2007
March 26, 2007	February 2007
April 23, 2007	March 2007
May 21, 2007	April 2007
June 25, 2007	May 2007
July 23, 2007	June 2007
August 20, 2007	July 2007
September 24, 2007	August 2007
October 22, 2007	September 2007
November 26, 2007	October 2007
December 20, 2007	November 2007

CFNAI historical data and background information are available on the Federal Reserve Bank of Chicago's website at <http://www.chicagofed.org>.