

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:
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FEDERAL RESERVE BANK
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Chicago Fed National Activity Index

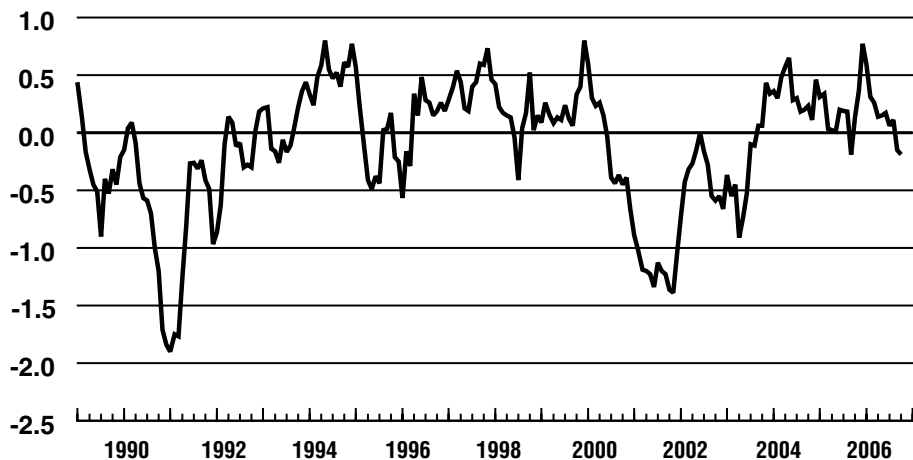
CFNAI indicates economic growth below trend in October

The Chicago Fed National Activity Index was -0.31 in October, slightly up from -0.38 in September. All of the four broad categories of indicators made negative contributions to the index (see sidebar). The three-month moving average, CFNAI-MA3, declined from -0.15 in September to -0.19 in October. A CFNAI-MA3 reading below zero is associated with below-trend economic growth; accordingly, the CFNAI-MA3 value of -0.19 for October 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 -0.14 to the CFNAI after making a negative contribution of -0.35 in September. Total industrial production rose 0.2 percent in October after falling 0.6 percent in the previous month. Manufacturing capacity utilization decreased slightly from 81.0 percent to 80.7 percent in October.

Employment-related indicators made a negative contribution of -0.12 to the October CFNAI following a neutral contribution in the previous month. Nonfarm payroll employment increased 92,000 in October, which was smaller than the 148,000 gain in September. The unemployment rate edged down from 4.6 percent to 4.4 percent in October.

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



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

	Oct '06	Sep '06	Aug '06	Jul '06	Jun '06	May '06	Oct '05
CFNAI							
Current	-0.31	-0.38	+0.14	-0.20	+0.40	-0.03	+1.03
Previous	N/A	-0.51	-0.06	-0.17	+0.39	-0.03	+1.03
CFNAI-MA3							
Current	-0.19	-0.15	+0.11	+0.06	+0.17	+0.15	+0.13
Previous	N/A	-0.25	+0.05	+0.06	+0.17	+0.15	+0.13

Current and Previous values reflect index values as of the November 21, 2006, release and October 25, 2006, release, respectively. N/A indicates not applicable.

Consumption and housing indicators made a negative contribution of -0.05 to the October CFNAI. Housing starts fell 14.6 percent during the month and made a negative contribution to the CFNAI. Residential building permits fell 6.3 percent, but remained above historical norms, and continued to make a positive contribution to the CFNAI. The sales, orders, and inventories category made a small negative contribution of -0.01 to the October CFNAI.

Thirty-six of the 85 individual indicators made positive contributions to the index in October, while 48 made negative contributions and one was neutral. Forty-four indicators improved from September to October, while 41 indicators deteriorated. Of the improved indicators, 17 made negative contributions to the CFNAI. The CFNAI was constructed using data available as of November 17, 2006. At that time, October data for 50 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index.

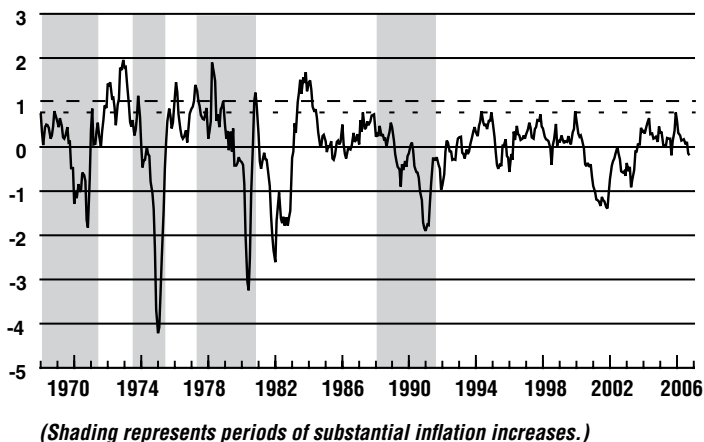
The September CFNAI was revised up to -0.38 from the initial estimate of -0.51 . Revisions to the monthly index can be attributed

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 September CFNAI was primarily due to revisions in previously published data.

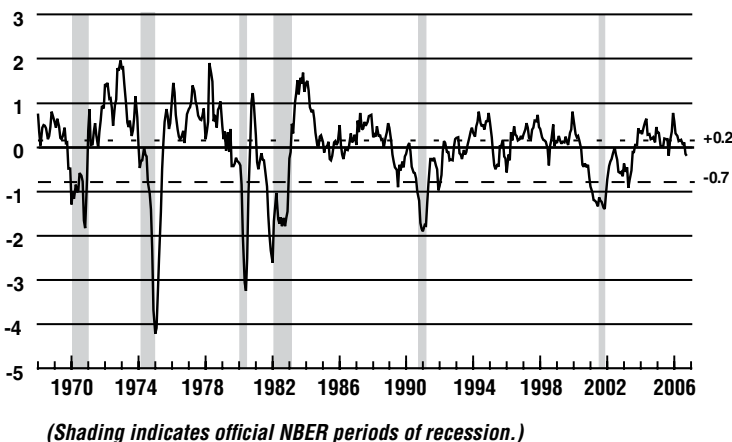
Interpreting the CFNAI-MA3

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.

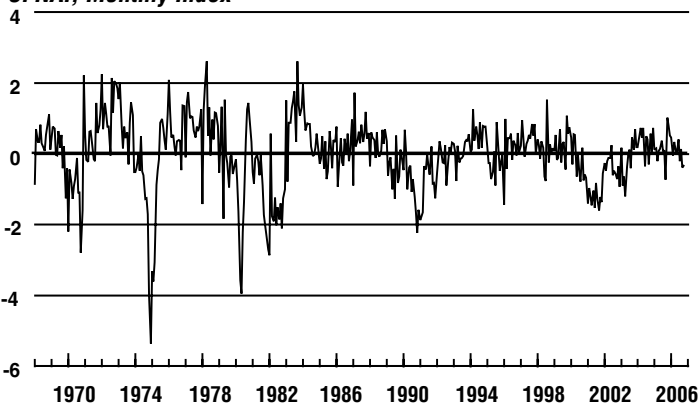
CFNAI-MA3 and Inflation Cycles



CFNAI-MA3 and Business Cycles



CFNAI, Monthly Index



2006 and 2007 CFNAI Release Dates

Date of Release	Monthly Data for:
December 21, 2006	November 2006
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>.