

News Release

Embargoed for release:
8:30 am Eastern Time
7:30 am Central Time
November 26, 2007

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What is the National Activity Index?

The index is a weighted average of 85 indicators of national economic activity. The indicators 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.

A zero value for the index indicates that the national economy is expanding at its historical trend rate of growth; negative values indicate below-average growth; and positive values indicate above-average growth.

Why are there two index values?

Each month, we provide a monthly index number, which reflects economic activity in the latest month for which we have data, and a three-month moving average. Month-to-month movements can be volatile, so the index's three-month moving average, the CFNAI-MA3, provides a more consistent picture of national economic growth.

What do the numbers mean?

When the CFNAI-MA3 value moves below -0.70 following a period of economic expansion, there is an increasing likelihood that a recession has begun.

When the CFNAI-MA3 value moves above $+0.70$ more than two years into an economic expansion, there is an increasing likelihood that a period of sustained increasing inflation has begun.

The next CFNAI will be released:
December 20, 2007
8:30 am Eastern Time
7:30 am Central Time

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Chicago Fed *National Activity Index*

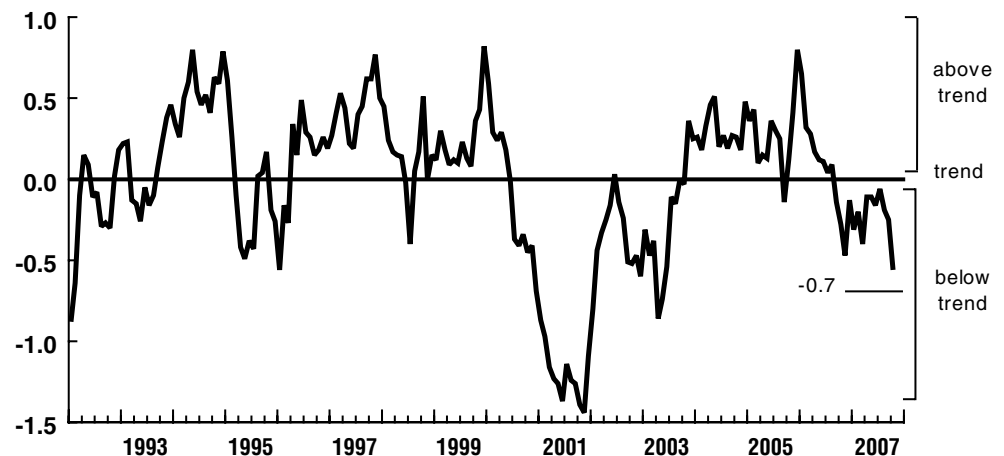
Index shows economic growth below average in October

The Chicago Fed National Activity Index was -0.73 in October, down from -0.30 in September. Three of the four broad categories of indicators—employment, production, and consumption and housing—made negative contributions to the index in October.

The three-month moving average, CFNAI-MA3, decreased to -0.56 in October from -0.25 in September. This negative value suggests that growth in national economic activity was below its historical trend. With regard to inflation, October's three-month moving average indicates little inflationary pressure over the coming year.

Employment-related indicators made a contribution of -0.20 to the index in October following a contribution of -0.07 in September. Nonfarm payroll employment increased by 166,000 in October, up from a gain of 96,000 in September. Despite October's positive gains in payroll employment, the employment category made a larger negative contribution to the index in

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 '07	Sep '07	Aug '07	Jul '07	Jun '07	May '07	Oct '06
CFNAI							
Current	-0.73	-0.30	-0.65	+0.19	-0.11	-0.27	-0.43
Previous	N/A	-0.45	-0.68	+0.21	-0.11	-0.27	-0.43
CFNAI-MA3							
Current	-0.56	-0.25	-0.19	-0.06	-0.16	-0.11	-0.28
Previous	N/A	-0.31	-0.20	-0.06	-0.16	-0.11	-0.28

Current and Previous values reflect index values as of the November 26, 2007, release and October 22, 2007, release, respectively. N/A indicates not applicable.

October than in September. This reflected the fact that October's gains were largely concentrated in several service-providing industries, while employment in manufacturing, construction, retail trade, and goods-producing industries declined.

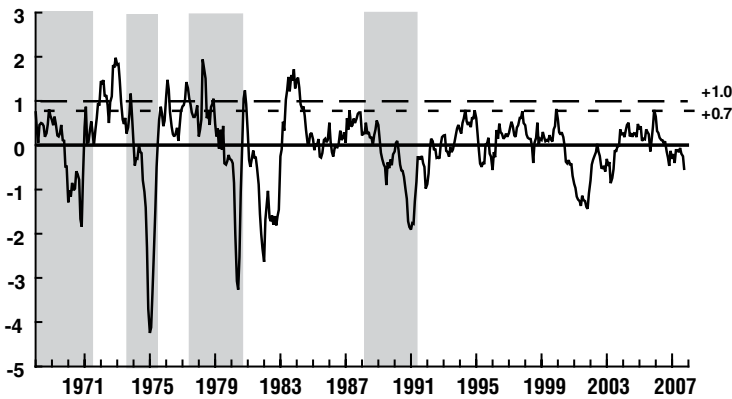
Production-related indicators also made a negative contribution of -0.39 to the index in October, following a contribution of -0.04 in September. Total industrial production decreased by 0.5 percent in October after increasing by 0.2 percent in the previous month.

The consumption and housing indicators contributed -0.14 to the index in October, following a contribution of -0.16 in September. Housing permits decreased by 6.6 percent in October, while housing starts rose 3.0 percent. The sales, orders, and inventories category made a small positive contribution of $+0.01$ in October after contributing -0.04 in September.

Twenty-one of the 85 individual indicators made positive contributions to the index in October, while 64 made negative contributions. Forty-three indicators improved from September to October, while 41 indicators deteriorated. Of the improved indicators, 26 made negative contributions. The index was constructed using data available as of November 20, 2007. 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.

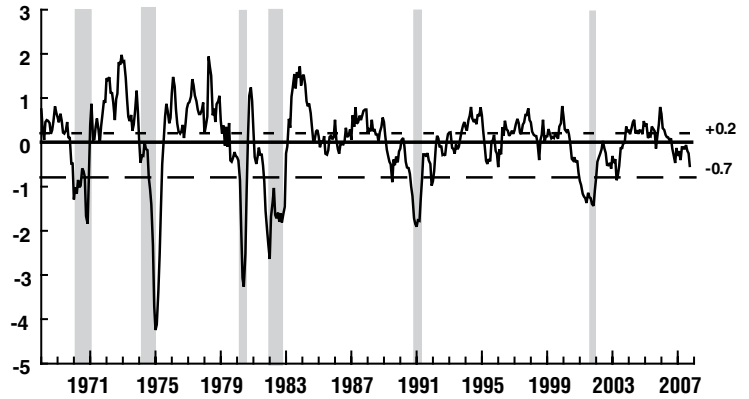
The September monthly index was revised up to -0.30 from the initial estimate of -0.45 . Revisions to the monthly index can be attributed to two main factors: revisions in previously published data and differences between the estimates of previously unavailable data and subsequently published data. The upward revision to the September monthly index was due equally to each factor.

CFNAI-MA3 and Inflation Cycles



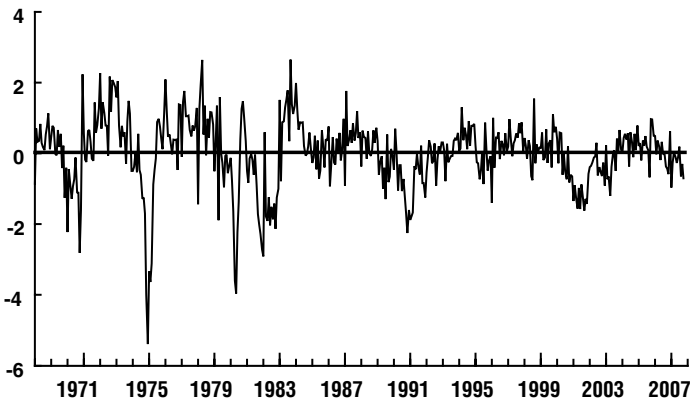
Notes: Shading represents periods of substantial inflation increases. A CFNAI-MA3 value above $+0.70$ more than two years into an economic expansion indicates an increasing likelihood that a period of sustained increasing inflation has begun. A CFNAI-MA3 value above $+1.00$ more than two years into an economic expansion indicates a substantial likelihood that a period of sustained increasing inflation has begun.

CFNAI-MA3 and Business Cycles



Notes: Shading indicates official periods of recession as identified by the National Bureau of Economic Research. A CFNAI-MA3 value below -0.70 following a period of economic expansion indicates an increasing likelihood that a recession has begun. A CFNAI-MA3 value above $+0.20$ following a period of economic contraction indicates a significant likelihood that a recession has ended.

CFNAI, Monthly Index



2007 and 2008 CFNAI Release Dates

<i>Date of Release</i>	<i>Monthly Data for</i>
<i>December 20, 2007</i>	<i>November 2007</i>
<i>January 22, 2008</i>	<i>December 2007</i>
<i>February 25, 2008</i>	<i>January 2008</i>
<i>March 24, 2008</i>	<i>February 2008</i>
<i>April 21, 2008</i>	<i>March 2008</i>
<i>May 20, 2008</i>	<i>April 2008</i>
<i>June 23, 2008</i>	<i>May 2008</i>
<i>July 21, 2008</i>	<i>June 2008</i>
<i>August 25, 2008</i>	<i>July 2008</i>
<i>September 22, 2008</i>	<i>August 2008</i>
<i>October 21, 2008</i>	<i>September 2008</i>
<i>November 24, 2008</i>	<i>October 2008</i>
<i>December 22, 2008</i>	<i>November 2008</i>