

## News Release

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Contact:  
James Pieper  
Coordinator, Media Relations  
312-322-2387

Federal Reserve Bank of Chicago  
230 South LaSalle Street  
Chicago, IL 60604

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 comprise 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:  
December 18, 2003  
10:00 am Eastern Time  
9:00 am Central Time

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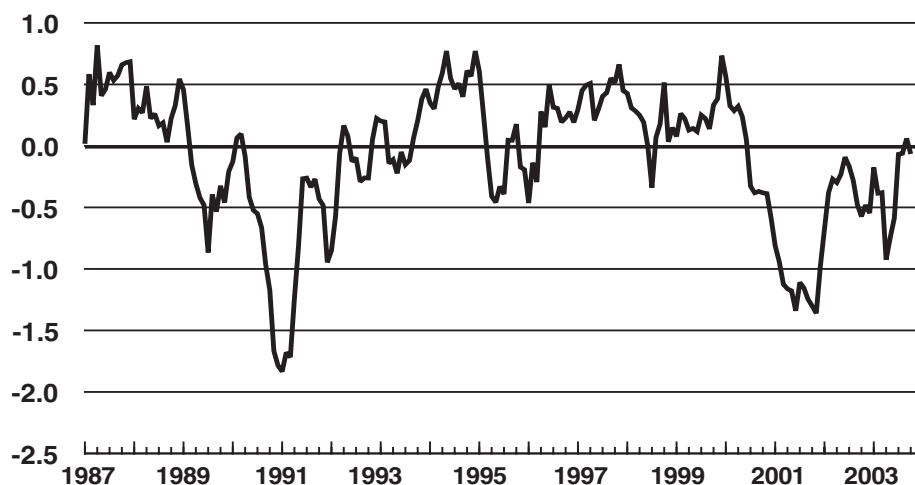
# Chicago Fed National Activity Index

## CFNAI indicates economy continued to grow in October

The Chicago Fed National Activity Index (CFNAI) was +0.01 in October, a small decline from the September reading of +0.16. The value for the October index reflects small contributions—both positive and negative—from each of the broad categories of indicators that comprise the index. The three-month moving average index, CFNAI-MA3, also declined slightly, from +0.06 in September to -0.07 in October. CFNAI-MA3 values below zero are associated with below-trend economic growth; accordingly, the CFNAI-MA3 value of -0.07 suggests that growth in national economic activity was slightly below its historical trend in October. With regard to inflation, CFNAI-MA3 values below zero signal decreased inflationary pressures over the coming year.

As of this month the indicators comprising the CFNAI have been realigned into four broad categories, instead of five as in previous months (see sidebar and the [Technical Report](#) available from [www.chicagofed.org](http://www.chicagofed.org)). The output-related data accounted for -0.01 of the +0.01 value of the index in October. This slight negative contribution reflects a below-trend reading for industrial production (IP) in October which was largely offset by a strong report from the Institute for Supply Management (ISM). Manufacturing IP increased just 0.1 percent, a smaller gain than the 0.7 percent in September. However, the ISM Purchasing Managers' Index was 57.0 in October, the highest reading since January 2000, and up from 53.7 in September. Despite recent job gains, employment-related data continued to be a drag on the monthly index, contributing -0.08. Nonfarm payroll employment rose 126,000 in October, but this was somewhat below its historical trend. Most of the job gains were 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 '03	Sep '03	Aug '03	Jul '03	Jun '03	May '03	Oct '02
<b>CFNAI</b>							
Current	+0.01	+0.16	-0.37	+0.38	-0.20	-0.39	-0.65
Previous	N/A	+0.20	-0.40	+0.35	-0.21	-0.33	-0.77
<b>CFNAI-MA3</b>							
Current	-0.07	+0.06	-0.06	-0.07	-0.59	-0.75	-0.57
Previous	N/A	+0.05	-0.08	-0.06	-0.55	-0.69	-0.63

Current and Previous values reflect index values as of the November 20, 2003, release and October 30, 2003, release, respectively. N/A indicates not applicable.

