

News Release

Embargoed for release:

8:30 am Eastern Time

7:30 am Central Time

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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. Conversely, when the CFNAI-MA3 value moves above -0.70 following a period of economic contraction, there is an increasing likelihood that a recession has ended.

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:

January 27, 2011

8:30 am Eastern Time

7:30 am Central Time

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Chicago Fed National Activity Index

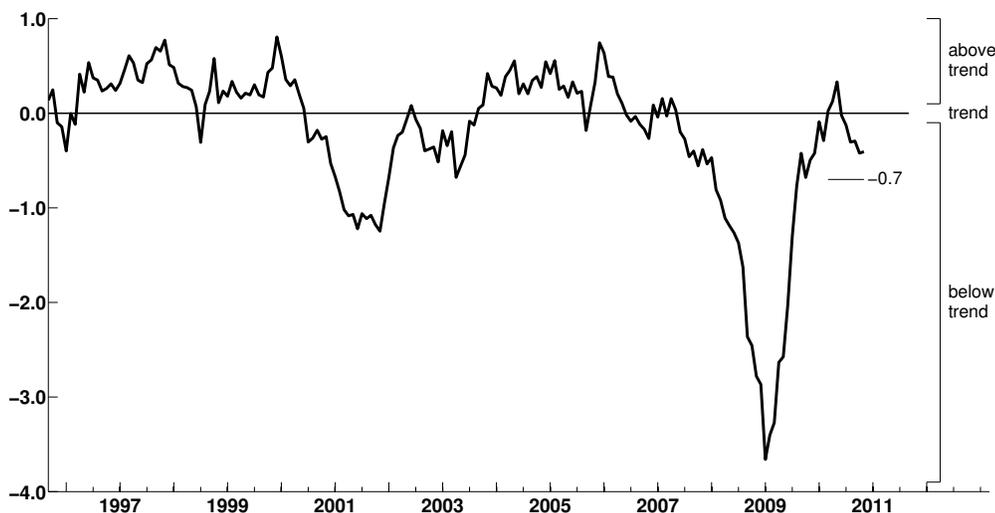
Index shows economic activity slowed in November

Led by declines in employment-related indicators, the Chicago Fed National Activity Index decreased to -0.46 in November from -0.25 in October. Three of the four broad categories of indicators that make up the index deteriorated from October to November, with only the production and income category improving.

The index's three-month moving average, CFNAI-MA3, ticked up to -0.41 in November from -0.42 in October. November's CFNAI-MA3 suggests that growth in national economic activity was below its historical trend. With regard to inflation, the amount of economic slack reflected in the CFNAI-MA3 suggests subdued inflationary pressure from economic activity over the coming year.

Employment-related indicators made a contribution of -0.16 to the index in November, down from $+0.10$ in October. Total nonfarm payroll employment edged up by 39,000 in November, after increasing by 172,000 in October; and the unemployment rate increased to 9.8 percent in November from 9.6 percent in the previous month.

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 '10	Oct '10	Sep '10	Aug '10	Jul '10	Jun '10	Nov '09
CFNAI							
Current	-0.46	-0.25	-0.51	-0.51	+0.14	-0.54	+0.01
Previous	N/A	-0.28	-0.52	-0.57	+0.11	-0.58	0.00
CFNAI-MA3							
Current	-0.41	-0.42	-0.29	-0.30	-0.13	-0.02	-0.50
Previous	N/A	-0.46	-0.33	-0.35	-0.15	-0.05	-0.50

Current and Previous values reflect index values as of the December 20, 2010, release and November 22, 2010, release, respectively. N/A indicates not applicable.

The consumption and housing category contributed -0.42 to the index in November, ticking down from -0.40 in October. Housing starts increased to 555,000 annualized units in November from 534,000 in October, but building permits declined to 530,000 annualized units in November from 552,000 in the previous month.

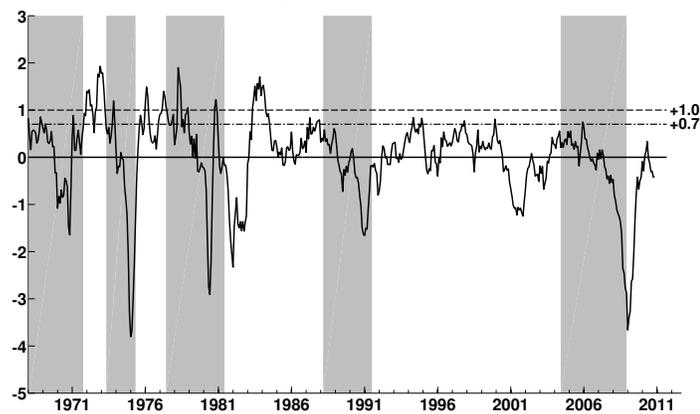
Production-related indicators made a contribution of $+0.08$ to the index in November, up from -0.02 in October. Total industrial production rose 0.4 percent in November after edging down 0.2 percent in October, and manufacturing capacity utilization increased to 72.8 percent in November from 72.6 percent in the previous month. The sales, orders, and inventories category contributed $+0.04$ to the index in November, down slightly from $+0.07$ in October.

Thirty-five of the 85 individual indicators made positive contributions to the index in November, while 50 made negative contributions. Thirty-one indicators improved from October to November, while

54 indicators deteriorated. Of the indicators that improved, 14 made negative contributions. The index was constructed using data available as of December 16, 2010. At that time, November data for 49 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index.

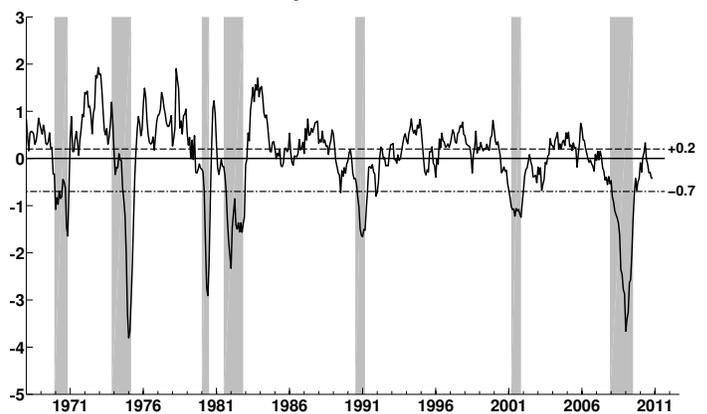
The October monthly index was revised to -0.25 from an initial estimate of -0.28 . Revisions to the monthly index can be attributed to two main factors: revisions in previously published data and differences between the estimates of previously unavailable data and subsequently published data. The slight upward revision to the October monthly index was due primarily to differences between the estimates of previously unavailable data and subsequently published data.

CFNAI-MA3 and Inflation Cycles



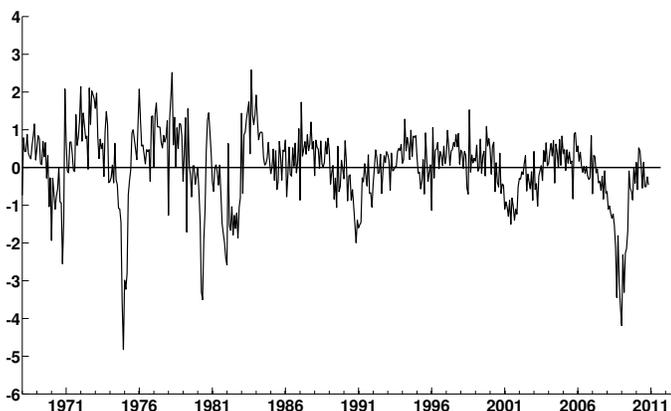
Notes: Shading represents periods of substantial inflation increases. A CFNAI-MA3 value above $+0.70$ more than two years into an economic expansion indicates an increasing likelihood that a period of sustained increasing inflation has begun. A CFNAI-MA3 value above $+1.00$ more than two years into an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



2011 CFNAI Release Dates

<i>Date of Release</i>	<i>Monthly Data for</i>
January 27, 2011	December 2010
February 24, 2011	January 2011
March 21, 2011	February 2011
April 28, 2011	March 2011
May 23, 2011	April 2011
June 23, 2011	May 2011
July 25, 2011	June 2011
August 22, 2011	July 2011
September 26, 2011	August 2011
October 24, 2011	September 2011
November 21, 2011	October 2011
December 22, 2011	November 2011