

News Release

Embargoed for release:
8:30 am Eastern Time
7:30 am Central Time
March 20, 2017

Contact:
Laura LaBarbera
Media Relations
Federal Reserve Bank of Chicago
312-322-2387

What is the National Activity Index?

The index is a weighted average of 85 indicators of national economic activity 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 (in standard deviation units); and positive values indicate above-average growth.

Why are there three index values?

Each month, we provide a monthly index, its three-month moving average, and a diffusion index. Month-to-month movements can be volatile, so the monthly index's three-month moving average, the CFNAI-MA3, provides a more consistent picture of national economic growth. The CFNAI Diffusion Index captures the degree to which a change in the monthly index is spread out among its 85 indicators, averaged over a three-month period.

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:
April 24, 2017
8:30 am Eastern Time
7:30 am Central Time

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Chicago Fed National Activity Index

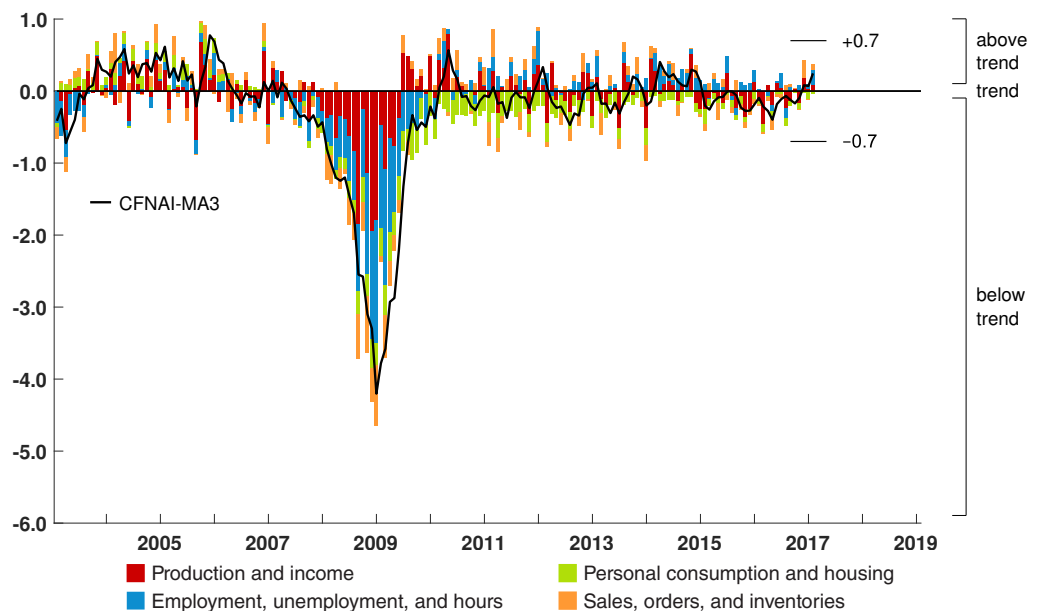
Index shows economic growth increased in February

Led by improvements in employment-related indicators, the Chicago Fed National Activity Index (CFNAI) increased to $+0.34$ in February from -0.02 in January. All four broad categories of indicators that make up the index increased from January, and only one of the four categories made a negative contribution to the index in February.

The index's three-month moving average, CFNAI-MA3, improved to $+0.25$ in February from $+0.07$ in January, reaching its highest level since December 2014. February's CFNAI-MA3 suggests that growth in national economic activity was somewhat above its historical trend. The economic growth reflected in this level of the CFNAI-MA3 suggests limited inflationary pressure from economic activity over the coming year.

The CFNAI Diffusion Index, which is also a three-month moving average, moved up to $+0.17$ in February from $+0.02$ in January. Fifty-five of the 85 individual indicators made positive contributions to the CFNAI in February, while 30 made negative contributions. Sixty-three indicators improved from January to February, while 22 indicators deteriorated. Of the indicators that improved, 15 made negative contributions.

Chicago Fed National Activity Index, by Categories, and CFNAI-MA3



CFNAI, CFNAI-MA3, and CFNAI Diffusion for the Latest Six Months and Year-Ago Month

	Feb '17	Jan '17	Dec '16	Nov '16	Oct '16	Sep '16	Feb '16
CFNAI							
Current	+0.34	-0.02	+0.41	-0.18	+0.01	-0.11	-0.17
Previous	N/A	-0.05	+0.18	-0.22	-0.02	-0.09	-0.15
CFNAI-MA3							
Current	+0.25	+0.07	+0.08	-0.09	-0.17	-0.12	-0.10
Previous	N/A	-0.03	-0.02	-0.11	-0.17	-0.12	-0.09
CFNAI Diffusion							
Current	+0.17	+0.02	+0.08	+0.01	-0.14	-0.08	-0.11
Previous	N/A	-0.04	-0.03	-0.07	-0.17	-0.09	-0.09

Current and Previous values reflect index values as of the March 20, 2017, release and February 23, 2017, release, respectively. N/A indicates not applicable.

Employment-related indicators contributed +0.21 to the CFNAI in February, up from +0.06 in January. The civilian unemployment rate edged down to 4.7 percent in February from 4.8 percent in January; and civilian nonagricultural employment increased by 444,000 in February, following a decrease of 229,000 in the previous month.

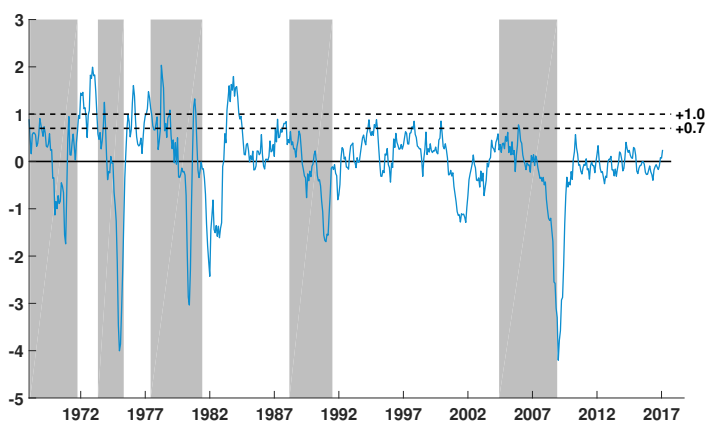
The contribution from production-related indicators to the CFNAI edged up to +0.09 in February from +0.04 in January. Manufacturing production increased 0.5 percent for the second consecutive month in February, while total industrial production was unchanged in February after decreasing by 0.1 percent in January. The sales, orders, and inventories category made a contribution of +0.08 to the CFNAI in February, up from -0.01 in January. The Institute for Supply Management's Manufacturing Purchasing Managers' New Orders Index increased to 65.1 in February from 60.4 in January.

The contribution of the personal consumption and housing category to the CFNAI increased to -0.03 in February from -0.11 in

January. Housing starts increased to 1,288,000 annualized units in February from 1,251,000 in January, but housing permits decreased to 1,213,000 annualized units in February from 1,293,000 in the previous month.

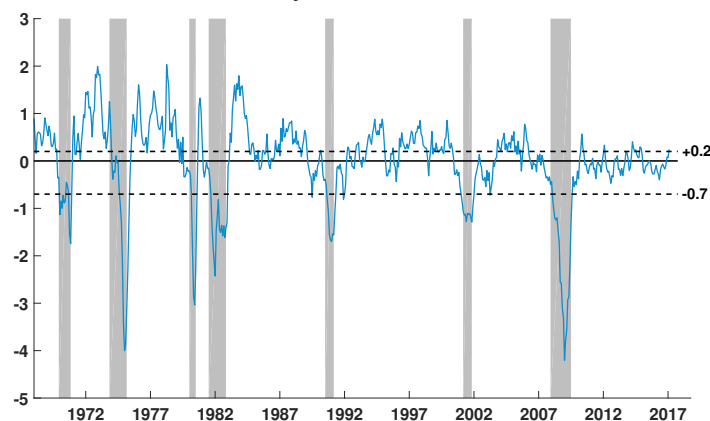
The CFNAI was constructed using data available as of March 17, 2017. At that time, February data for 51 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index. The January monthly index value was revised to -0.02 from an initial estimate of -0.05, and the December monthly index value was revised to +0.41 from last month's estimate of +0.18. Revisions to the monthly index value 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 revision to the January monthly index value was primarily due to the former, while the revision to the December monthly index value was primarily due to the latter.

CFNAI-MA3 and Inflation Cycles



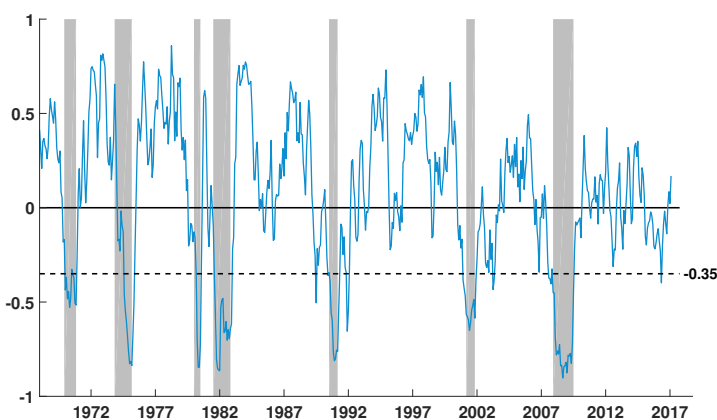
Notes: Shading represents periods of substantial inflation increases. A CFNAI-MA3 value above +0.70 more than two years into an economic expansion indicates an increasing likelihood that a period of sustained increasing inflation has begun. A CFNAI-MA3 value above +1.00 more than two years into an economic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



Notes: Shading indicates official periods of recession as identified by the National Bureau of Economic Research. The CFNAI Diffusion Index represents the three-month moving average of the sum of the absolute values of the weights for the underlying indicators whose contribution to the CFNAI is positive in a given month less the sum of the absolute values of the weights for those indicators whose contribution is negative or neutral in a given month. Periods of economic expansion have historically been associated with values of the CFNAI Diffusion Index above -0.35.

CFNAI, Monthly Index

