

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:
January 25, 2006
10:00 am Eastern Time
9:00 am Central Time

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OF CHICAGO

Chicago Fed National Activity Index

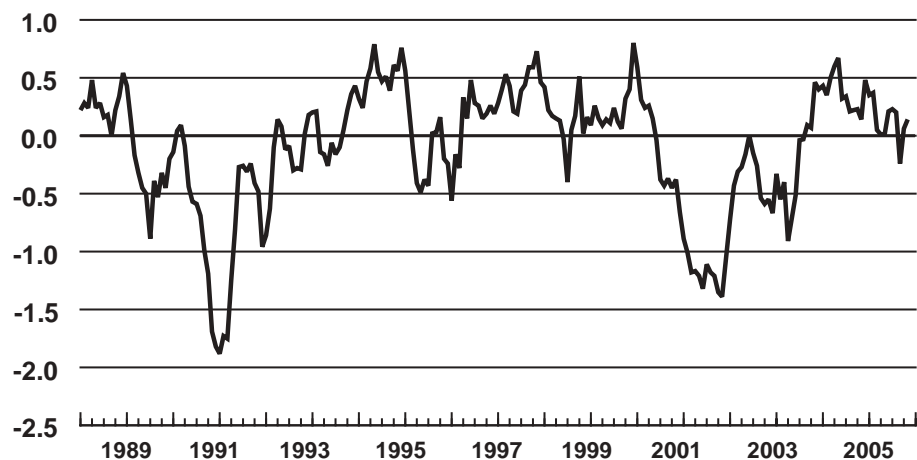
CFNAI shows economic growth slightly above trend in November

The Chicago Fed National Activity Index was +0.35 in November, down from +1.02 in October. Three of the four broad categories of indicators that make up the index made positive contributions, while the remaining category made a neutral contribution (see sidebar). The three-month moving average, CFNAI-MA3, was +0.14 in November. A CFNAI-MA3 reading above zero is associated with above-trend economic growth; accordingly, the CFNAI-MA3 value of +0.14 in November suggests that growth in national economic activity was slightly above its historical trend. With regard to inflation, a CFNAI-MA3 value near zero indicates relatively neutral inflationary pressures over the coming year.

Production-related indicators continued to make a positive contribution to the CFNAI in November. However, last month's contribution (+0.16) was much less than October's (+0.73) when output growth was boosted by the recovery from hurricane-related disruptions. In particular, total industrial production increased 0.7 percent in November after rising 1.3 percent in October, while total capacity utilization rose from 79.8 percent to 80.2 percent.

Employment-related indicators made a neutral contribution to the CFNAI last month after contributing +0.10 to the index in October. Nonfarm payroll employment increased 215,000 in November after rising 44,000 in October. However, the unemployment rate held steady at 5.0 percent in November after falling 0.1 percentage point 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

	Nov '05	Oct '05	Sep '05	Aug '05	Jul '05	Jun '05	Nov '04
CFNAI							
Current	+0.35	+1.02	-0.93	+0.08	+0.14	+0.39	+0.11
Previous	N/A	+0.73	-0.82	0.00	+0.12	+0.38	+0.11
CFNAI-MA3							
Current	+0.14	+0.06	-0.24	+0.20	+0.23	+0.21	+0.14
Previous	N/A	-0.03	-0.23	+0.17	+0.22	+0.22	+0.14

Current and Previous values reflect index values as of the December 22, 2005, release and November 22, 2005, release, respectively. N/A indicates not applicable.

Consumption and housing indicators rose from +0.10 in October to +0.15 in November. Housing starts rose 5.3 percent in November and residential building permits rose 2.5 percent: Both measures are above historical norms and thus made positive contributions to the CFNAI. The sales, orders, and inventories category made a contribution of +0.03 to the November CFNAI.

Fifty-three of the 85 individual indicators made positive contributions to the index in November, while 31 made negative contributions and one was neutral. Forty-two indicators improved from October to November, although nine of these made below-average contributions to the index. The CFNAI was constructed using data available as of December 20, 2005. 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.

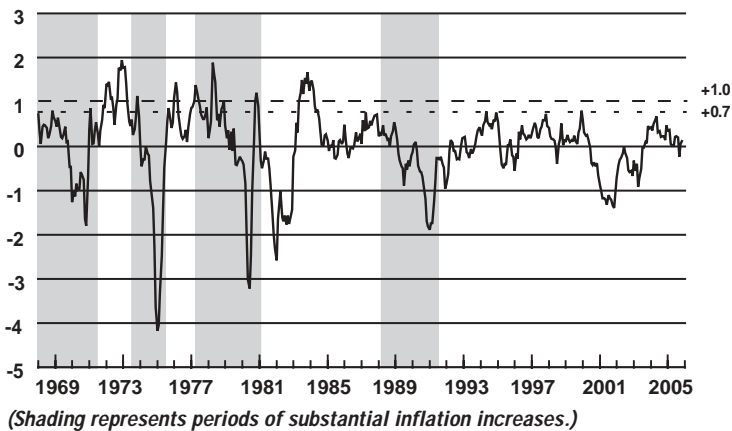
October's CFNAI initial estimate of +0.73 was revised up to +1.02. Revisions to the monthly index can be attributed to two main factors: revisions in previously published data and differences

between the estimates of previously unavailable data and subsequently published data. The upward revision to October's CFNAI was primarily due to revisions in previously published data.

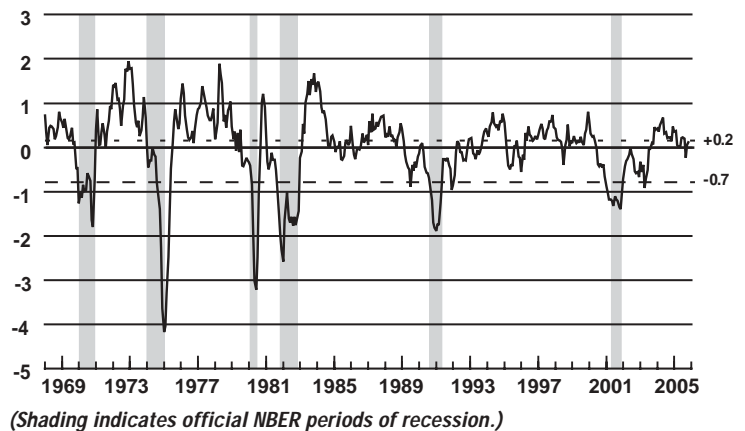
Interpreting the CFNAI-MA3

If CFNAI-MA3 > +1.00 more than two years into an economic expansion...	Substantial likelihood that a period of sustained accelerating inflation has begun.
If CFNAI-MA3 > +0.70 more than two years into an economic expansion...	Increasing likelihood that a period of sustained accelerating 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.

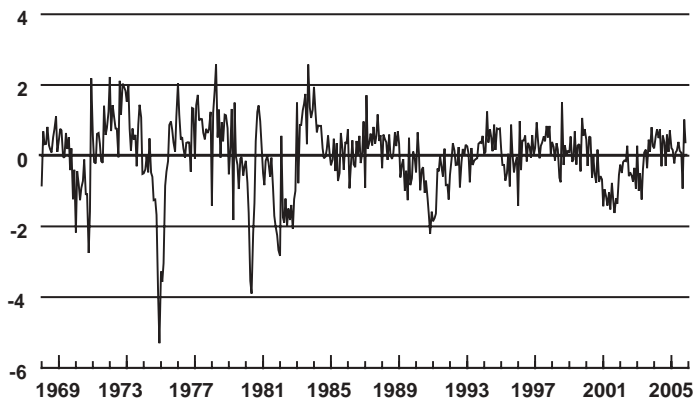
CFNAI-MA3 and Inflation Cycles



CFNAI-MA3 and Business Cycles



CFNAI, Monthly Index



2006 CFNAI Release Dates

Date of Release	Monthly Data for:
January 25, 2006	December 2005
February 23, 2006	January 2006
March 22, 2006	February 2006
April 20, 2006	March 2006
May 18, 2006	April 2006
June 22, 2006	May 2006
July 26, 2006	June 2006
August 23, 2006	July 2006
September 21, 2006	August 2006
October 25, 2006	September 2006
November 21, 2006	October 2006
December 21, 2006	November 2006

CFNAI historical data and background information are available on the Federal Reserve Bank of Chicago's website at <http://www.chicagofed.org>.