

News Release

Embargoed for release:

8:30 am Eastern Time

7:30 am Central Time

April 21, 2008

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. 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:

May 20, 2008

8:30 am Eastern Time

7:30 am Central Time

FEDERAL RESERVE BANK
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Chicago Fed *National Activity Index*

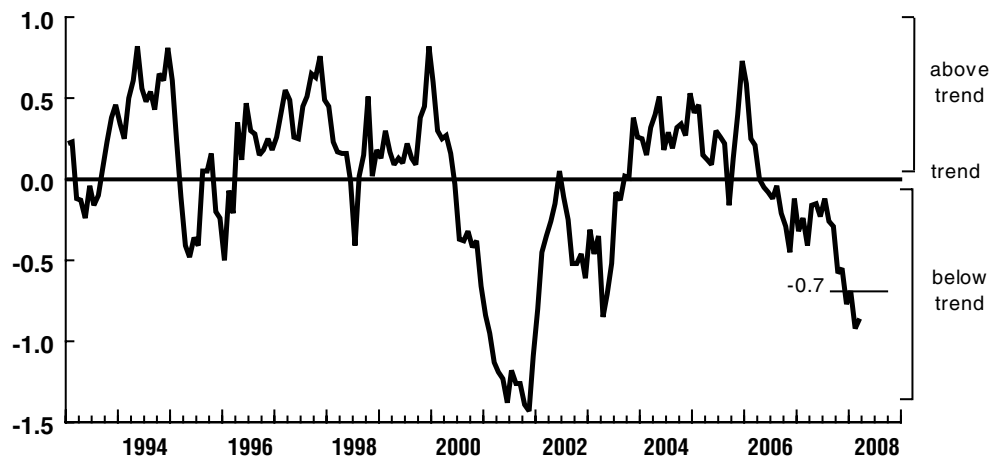
Index shows economic activity still slow in March

The Chicago Fed National Activity Index was -0.78 in March, up from -1.28 in February. All four broad categories of indicators made negative contributions to the index in March.

The three-month moving average, CFNAI-MA3, increased to -0.86 in March from -0.92 in February. This negative value suggests that growth in national economic activity was below its historical trend. In addition, March marked the fourth consecutive month that the three-month moving average was very near or below the -0.70 threshold. A CFNAI-MA3 value below -0.70 following a period of economic expansion indicates an increasing likelihood that a recession has begun. With regard to inflation, March's three-month moving average indicates low inflationary pressure from economic activity over the coming year.

Employment-related indicators made a contribution of -0.40 to the index in March, following a contribution of -0.37 in February. Total nonfarm payroll employment declined by 80,000 in March after a decrease of 76,000 in the previous month, and the unemployment rate rose to 5.1 percent in March from 4.8 percent in February. The consumption and housing category of indicators also made a large negative contribution of -0.27 to the index in March, following a

Chicago Fed National Activity Index, Three-Month Moving Average (CFNAI-MA3)



CFNAI and CFNAI-MA3 for the latest six months and year-ago month

	Mar '08	Feb '08	Jan '08	Dec '07	Nov '07	Oct '07	Mar '07
CFNAI							
Current	-0.78	-1.28	-0.53	-0.95	-0.60	-0.76	+0.05
Previous	N/A	-1.04	-0.68	-0.89	-0.63	-0.83	+0.03
CFNAI-MA3							
Current	-0.86	-0.92	-0.69	-0.77	-0.55	-0.58	-0.41
Previous	N/A	-0.87	-0.73	-0.78	-0.61	-0.66	-0.43

Current and Previous values reflect index values as of the April 21, 2008, release and March 24, 2008, release, respectively. N/A indicates not applicable.

contribution of -0.26 in February. Housing starts declined 11.9 percent in March following a 0.7 percent decrease in the previous month, and building permits were 5.8 percent lower in March after decreasing 7.3 percent in February.

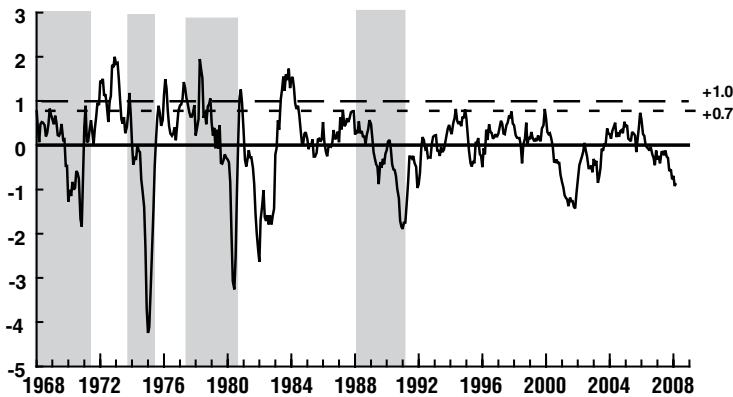
Production-related indicators made a contribution of -0.07 to the index in March, compared with a contribution of -0.53 in February. Total industrial production rose 0.3 percent in March after declining 0.7 percent in the previous month. Manufacturing production increased 0.1 percent in March following a 0.5 percent decline in February. In addition, the Institute for Supply Management's Purchasing Managers' Index (PMI) edged up to 48.6 in March, which still suggested contraction in manufacturing activity. The sales, orders, and inventories category made a contribution of -0.04 in March.

Thirty-one of the 85 individual indicators made positive contributions to the index in March, while 54 made negative contributions.

Fifty-seven indicators improved from February to March, while 28 indicators deteriorated. Of the improved indicators, 29 made negative contributions. The index was constructed using data available as of April 17, 2008. At that time, March data for 52 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index.

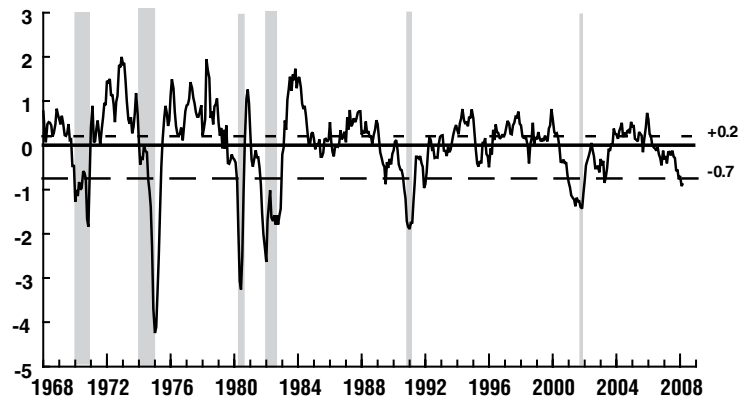
The February monthly index was revised down to -1.28 from an initial estimate of -1.04 . Revisions to the monthly index can be attributed to two main factors: revisions in previously published data and differences between the estimates of previously unavailable data and subsequently published data. The downward revision to the February monthly index was primarily due to revisions in previously published data.

CFNAI-MA3 and Inflation Cycles



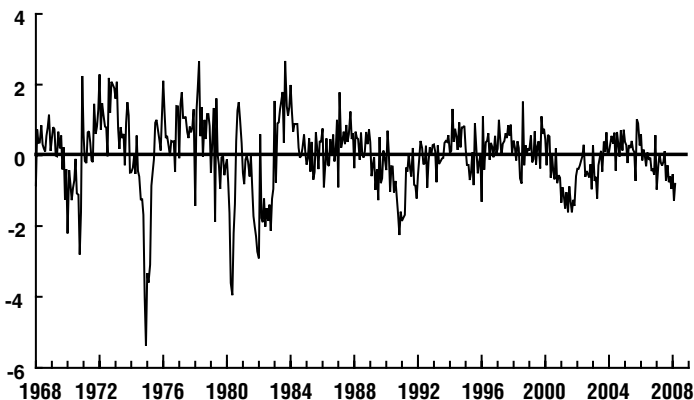
Notes: Shading represents periods of substantial inflation increases. A CFNAI-MA3 value above $+0.70$ more than two years into an economic expansion indicates an increasing likelihood that a period of sustained increasing inflation has begun. A CFNAI-MA3 value above $+1.00$ more than two years into an 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 $+0.20$ following a period of economic contraction indicates a significant likelihood that a recession has ended.

CFNAI, Monthly Index



2008 CFNAI Release Dates

<i>Date of Release</i>	<i>Monthly Data for</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>