

News Release

Embargoed for release:

8:30 am Eastern 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:

April 29, 2010

8:30 am Eastern Time

7:30 am Central Time

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Chicago Fed National Activity Index

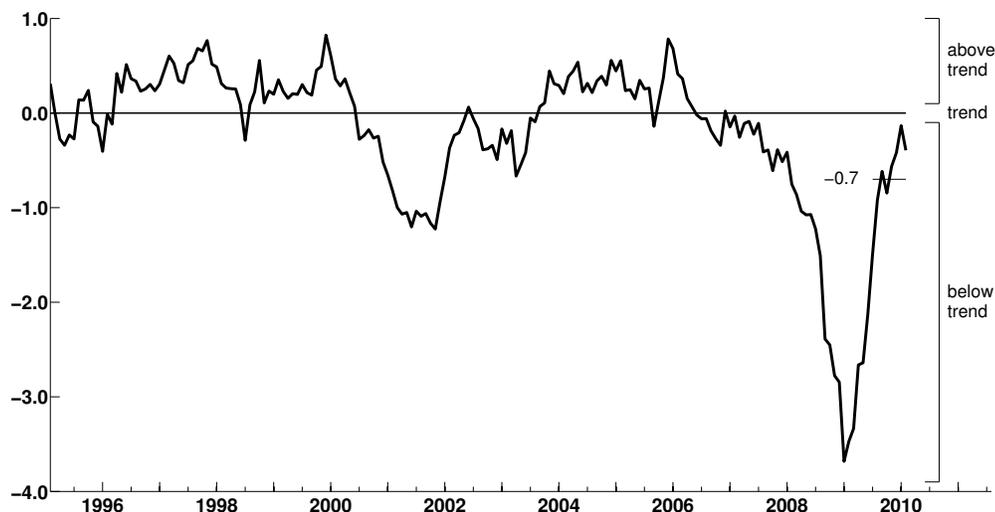
Index shows economic activity slowed in February

Led by declines in production-related indicators, the Chicago Fed National Activity Index decreased to -0.64 in February, down from -0.04 in January. Three of the four broad categories of indicators that make up the index deteriorated, and only the sales, orders, and inventories category made a positive contribution.

The index's three-month moving average, CFNAI-MA3, decreased to -0.39 in February from -0.13 in January, but for the second consecutive month, it was higher than at any point since December 2007. February'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 indicates low inflationary pressure from economic activity over the coming year.

Production-related indicators made a negative contribution to the index for the first time in eight months, contributing -0.08 to the index in February compared with $+0.41$ in January. Adverse weather conditions played a part in both manufacturing industrial production decreasing 0.2 percent in February and manufacturing capacity utilization decreasing for the first time in eight months.

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



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

	Feb '10	Jan '10	Dec '09	Nov '09	Oct '09	Sep '09	Feb '09
CFNAI							
Current	-0.64	-0.04	-0.50	+0.14	-0.90	-0.93	-2.48
Previous	N/A	+0.02	-0.58	+0.06	-0.88	-0.93	-2.48
CFNAI-MA3							
Current	-0.39	-0.13	-0.42	-0.56	-0.85	-0.62	-3.47
Previous	N/A	-0.16	-0.47	-0.59	-0.84	-0.61	-3.47

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

Most of the weakness in the index continued to stem from the consumption and housing category. This category's contribution to the index was -0.45 in February, down slightly from -0.44 in January. Housing starts decreased to 575,000 annualized units in February from 611,000 in January.

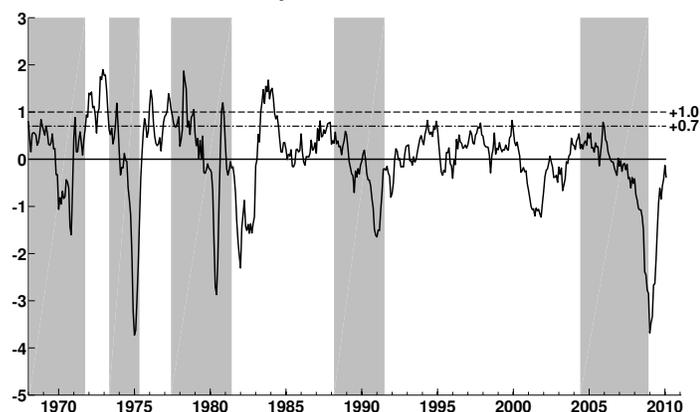
Employment-related indicators also made a negative contribution to the index, contributing -0.16 to the index in February compared with -0.02 in January. Payroll employment declined by 36,000 in February after decreasing by 26,000 in January, and average weekly hours worked in manufacturing declined to 40.3 in February from 40.7 in the previous month.

The sales, orders, and inventories category made a positive contribution to the index for the sixth consecutive month. This category contributed $+0.05$ in February, up from $+0.02$ in January. The Institute for Supply Management's Manufacturing Purchasing Managers' Inventories Index increased to 47.3 in February from 46.5 in January.

Thirty-four of the 85 individual indicators made positive contributions to the index in February, while 51 made negative contributions. Forty indicators improved from February to January, while 45 indicators deteriorated. Of the indicators that improved, 20 made negative contributions. The index was constructed using data available as of March 18, 2010. At that time, February data for 52 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index.

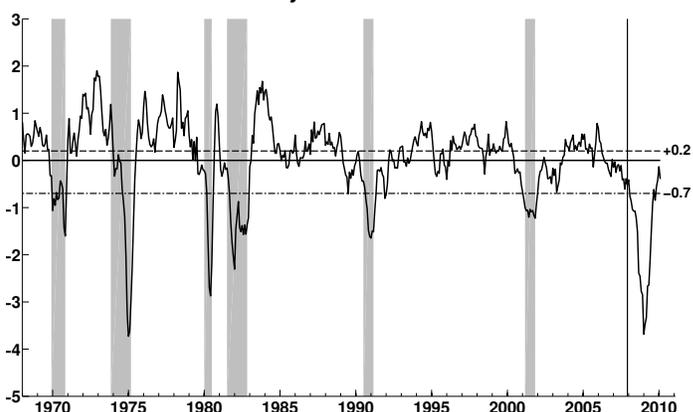
The January monthly index was revised to -0.04 from an initial estimate of $+0.02$. Revisions to the monthly index can be attributed to two main factors: revisions in previously published data and differences between the estimates of previously unavailable data and subsequently published data. The small downward revision to the January monthly index was due primarily to differences between the estimates of previously unavailable data and subsequently published data.

CFNAI-MA3 and Inflation Cycles



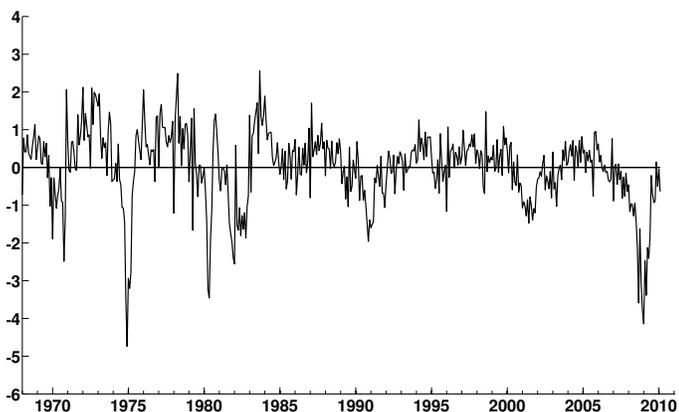
Notes: Shading represents periods of substantial inflation increases. A CFNAI-MA3 value above $+0.70$ more than two years into an economic expansion indicates an increasing likelihood that a period of sustained increasing inflation has begun. A CFNAI-MA3 value above $+1.00$ more than two years into an 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; the vertical line indicates the most recent business cycle peak. 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



2010 CFNAI Release Dates

<i>Date of Release</i>	<i>Monthly Data for</i>
<i>April 29, 2010</i>	<i>March 2010</i>
<i>May 24, 2010</i>	<i>April 2010</i>
<i>June 28, 2010</i>	<i>May 2010</i>
<i>July 26, 2010</i>	<i>June 2010</i>
<i>August 23, 2010</i>	<i>July 2010</i>
<i>September 27, 2010</i>	<i>August 2010</i>
<i>October 25, 2010</i>	<i>September 2010</i>
<i>November 22, 2010</i>	<i>October 2010</i>
<i>December 20, 2010</i>	<i>November 2010</i>