

## News Release

Embargoed for release:  
8:30 am Eastern Time  
7:30 am Central Time  
April 20, 2009

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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.

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 26, 2009  
8:30 am Eastern Time  
7:30 am Central Time

FEDERAL RESERVE BANK  
OF CHICAGO

# Chicago Fed *National Activity Index*

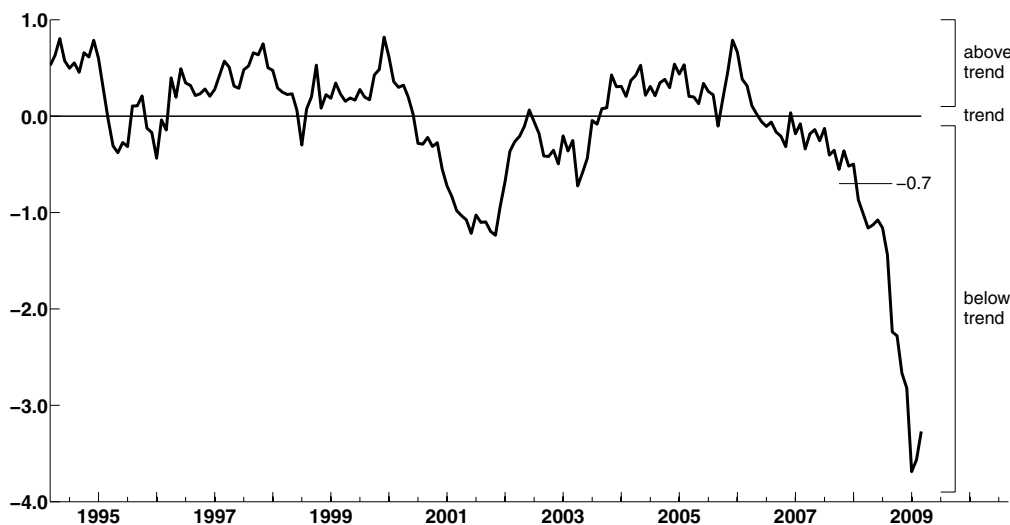
## Index shows economic activity edged lower in March

*The Chicago Fed National Activity Index was  $-2.96$  in March, down slightly from  $-2.82$  in February. All four broad categories of indicators continued to make negative contributions to the index in March.*

The three-month moving average, CFNAI-MA3, increased to  $-3.27$  in March from  $-3.57$  in the previous month. March's CFNAI-MA3 suggests that growth in national economic activity was well below its historical trend. With regard to inflation, it indicates little inflationary pressure from economic activity over the coming year.

Employment-related indicators made a large negative contribution of  $-1.27$  to the index in March after contributing  $-1.29$  in the previous month. Total nonfarm payroll employment declined 663,000 in March, after decreasing 651,000 in February; and manufacturing employment decreased 161,000 in March, after declining 169,000 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

	Mar '09	Feb '09	Jan '09	Dec '08	Nov '08	Oct '08	Mar '08
<b>CFNAI</b>							
Current	-2.96	-2.82	-4.03	-3.84	-3.19	-1.43	-1.14
Previous	N/A	-2.83	-3.74	-3.87	-3.23	-1.34	-1.08
<b>CFNAI-MA3</b>							
Current	-3.27	-3.57	-3.69	-2.82	-2.67	-2.28	-1.01
Previous	N/A	-3.48	-3.61	-2.81	-2.69	-2.32	-0.98

Current and Previous values reflect index values as of the April 20, 2009, release and March 23, 2009, release, respectively. N/A indicates not applicable.

The production and income category of indicators also made a large negative contribution of  $-0.93$  to the index in March after contributing  $-0.78$  in February. Total industrial production decreased 1.5 percent in March for the second consecutive month. In addition, manufacturing capacity utilization declined to 65.8 percent in March, the lowest level in the history of the series since 1948.

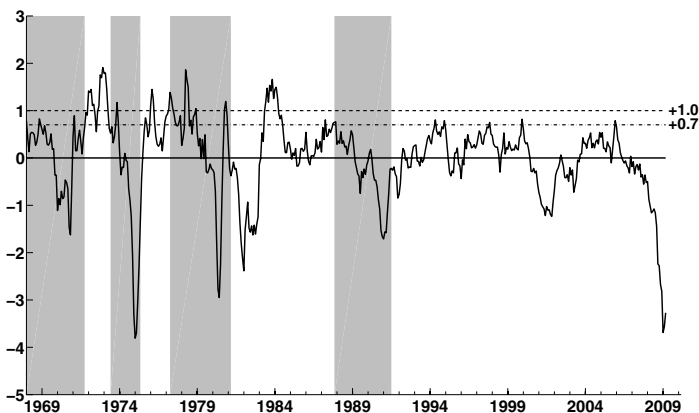
The consumption and housing category made a contribution of  $-0.60$  to the index in March for the second consecutive month. Housing starts across the nation decreased to 510,000 annualized units in March from 572,000 in February. However, housing starts increased in the Midwest and Northeast. The sales, orders, and inventories category also made a negative contribution of  $-0.16$  in March.

Thirteen of the 85 individual indicators made positive contributions to the index in March, while 72 made negative contributions.

Forty-four indicators improved from February to March, while 41 indicators deteriorated. Of the improved indicators, 35 made negative contributions. The index was constructed using data available as of April 16, 2009. At that time, March data for 50 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index.

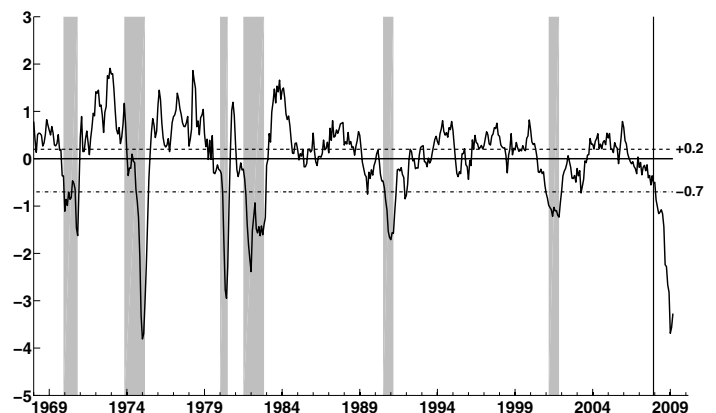
The February monthly index was revised to  $-2.82$  from an initial estimate of  $-2.83$ . Revisions to the monthly index can be attributed to two main factors: revisions in previously published data and differences between the estimates of previously unavailable data and subsequently published data. The slight upward revision to the February monthly index was primarily due to revisions in previously published data.

### CFNAI-MA3 and Inflation Cycles



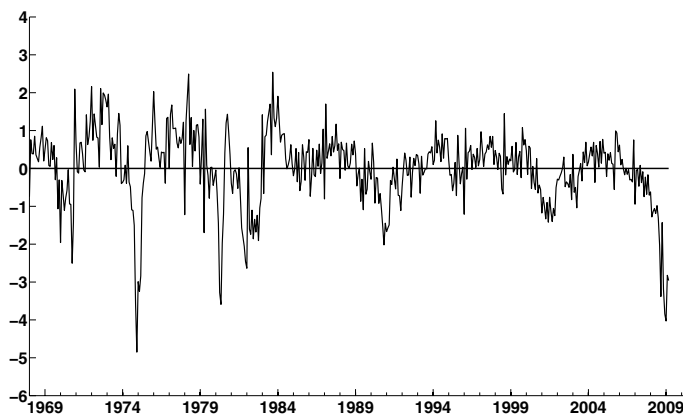
Notes: Shading represents periods of substantial inflation increases. A CFNAI-MA3 value above  $+0.70$  more than two years into an economic expansion indicates an increasing likelihood that a period of sustained increasing inflation has begun. A CFNAI-MA3 value above  $+1.00$  more than two years into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

### CFNAI, Monthly Index



### 2009 CFNAI Release Dates

<i>Date of Release</i>	<i>Monthly Data for</i>
<i>May 26, 2009</i>	<i>April 2009</i>
<i>June 29, 2009</i>	<i>May 2009</i>
<i>July 21, 2009</i>	<i>June 2009</i>
<i>August 24, 2009</i>	<i>July 2009</i>
<i>September 28, 2009</i>	<i>August 2009</i>
<i>October 26, 2009</i>	<i>September 2009</i>
<i>November 23, 2009</i>	<i>October 2009</i>
<i>December 21, 2009</i>	<i>November 2009</i>