

News Release

Embargoed for release:
8:30 am Eastern Time
7:30 am Central 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:
November 22, 2010
8:30 am Eastern Time
7:30 am Central Time

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Chicago Fed National Activity Index

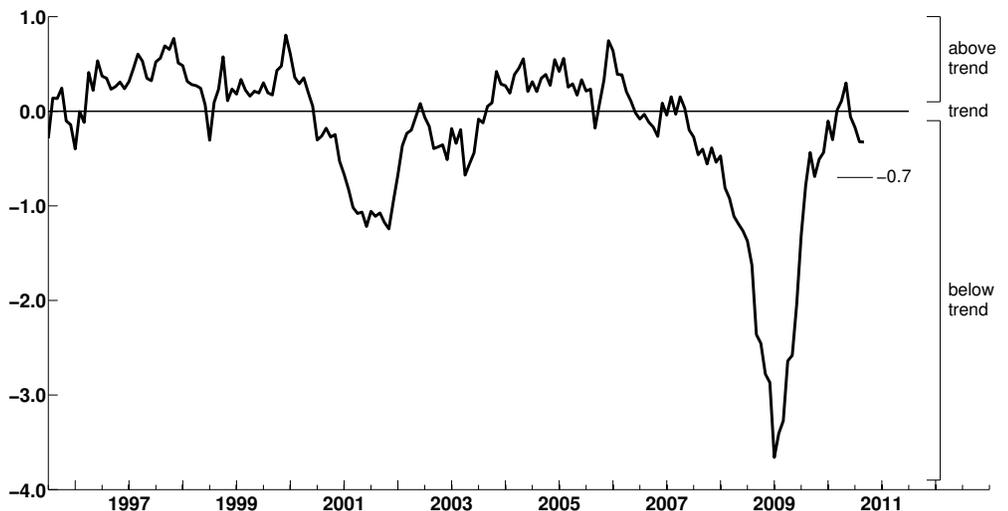
Index shows economic activity slowed further in September

Led by declines in production-related indicators, the Chicago Fed National Activity Index decreased to -0.58 in September from -0.49 in August. Three of the four broad categories of indicators that make up the index slightly improved from August, but only the sales, orders, and inventories category made a positive contribution to the index in September.

The index's three-month moving average, CFNAI-MA3, ticked down to -0.33 in September from -0.32 in August. September'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 suggests subdued inflationary pressure from economic activity over the coming year.

The consumption and housing category contributed -0.39 to the index in September, up slightly from -0.40 in the previous month. Housing starts edged up to 610,000 annualized units in September from 608,000 in August, while building permits decreased to 539,000 annualized units in September from 571,000 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

	Sep '10	Aug '10	Jul '10	Jun '10	May '10	Apr '10	Sep '09
CFNAI							
Current	-0.58	-0.49	+0.09	-0.57	-0.03	+0.42	-0.65
Previous	N/A	-0.53	-0.11	-0.63	-0.06	+0.36	-0.65
CFNAI-MA3							
Current	-0.33	-0.32	-0.17	-0.06	+0.30	+0.11	-0.44
Previous	N/A	-0.42	-0.27	-0.11	+0.27	+0.09	-0.44

Current and Previous values reflect index values as of the October 25, 2010, release and September 27, 2010, release, respectively. N/A indicates not applicable.

Production-related indicators made a contribution of -0.17 to the index in September, down from -0.02 in August. Total industrial production decreased 0.2 percent in September after increasing 0.2 percent in the previous month. In addition, production of construction and business supplies declined 0.8 percent in September after increasing 0.4 percent in August.

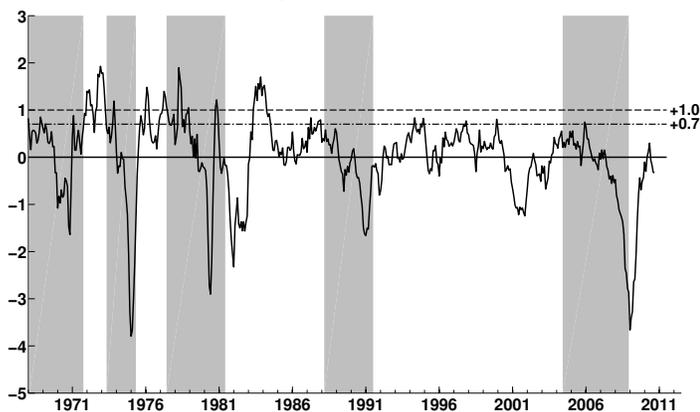
Employment-related indicators made a contribution of -0.05 to the index in September, up slightly from -0.06 in August. Total nonfarm payroll employment decreased by 95,000 in September; however, private nonfarm payrolls increased by 64,000. In addition, average weekly initial claims for unemployment insurance decreased in September.

The sales, orders, and inventories category made a contribution of $+0.05$ to the index in September, up from -0.01 in August. The Institute for Supply Management's Manufacturing Inventories Index rose to 55.6 in September from 51.4 in the previous month.

Forty of the 85 individual indicators made positive contributions to the index in September, while 45 made negative contributions. Forty-one indicators improved from August to September, while 44 indicators deteriorated. Of the indicators that improved, 14 made negative contributions. The index was constructed using data available as of October 21, 2010. At that time, September data for 52 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index.

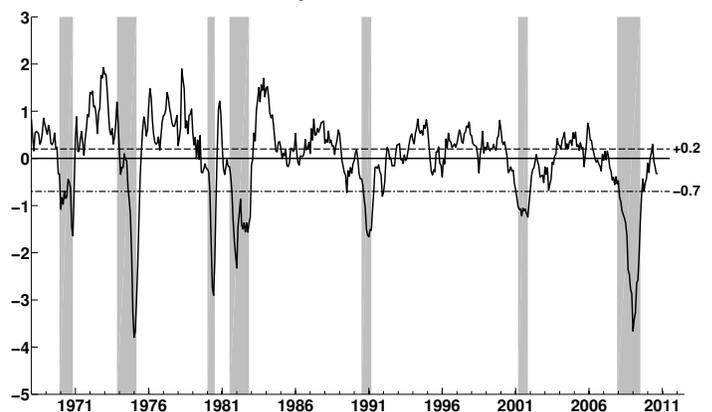
The August monthly index was revised to -0.49 from an initial estimate of -0.53 . Revisions to the monthly index can be attributed to two main factors: revisions in previously published data and differences between the estimates of previously unavailable data and subsequently published data. The upward revision to the August monthly index was due primarily to revisions in previously published data.

CFNAI-MA3 and Inflation Cycles



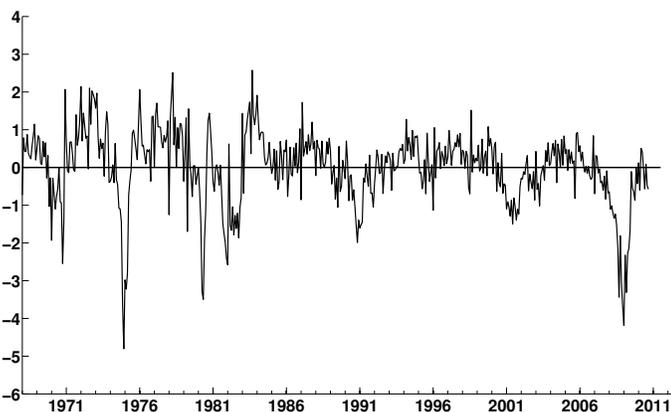
Notes: Shading represents periods of substantial inflation increases. A CFNAI-MA3 value above $+0.70$ more than two years into an economic expansion indicates an increasing likelihood that a period of sustained increasing inflation has begun. A CFNAI-MA3 value above $+1.00$ more than two years into an 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 -0.70 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 and 2011 CFNAI Release Dates

<i>Date of Release</i>	<i>Monthly Data for</i>
<i>November 22, 2010</i>	<i>October 2010</i>
<i>December 20, 2010</i>	<i>November 2010</i>
<i>January 27, 2011</i>	<i>December 2010</i>
<i>February 24, 2011</i>	<i>January 2011</i>
<i>March 21, 2011</i>	<i>February 2011</i>
<i>April 28, 2011</i>	<i>March 2011</i>
<i>May 23, 2011</i>	<i>April 2011</i>
<i>June 23, 2011</i>	<i>May 2011</i>
<i>July 25, 2011</i>	<i>June 2011</i>
<i>August 22, 2011</i>	<i>July 2011</i>
<i>September 26, 2011</i>	<i>August 2011</i>
<i>October 24, 2011</i>	<i>September 2011</i>
<i>November 21, 2011</i>	<i>October 2011</i>
<i>December 22, 2011</i>	<i>November 2011</i>