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 index's three-month moving average, CFNAI-MA3, decreased to –0.27 in October from –0.16 in September. October's CFNAI-MA3 suggests that growth in national economic activity was below its historical trend. Likewise, the economic slack reflected in this level of the CFNAI-MA3 suggests subdued inflationary pressure from economic activity over the coming year.

Production-related indicators made a contribution of +0.15 to the index in October, up from –0.05 in September. Industrial production rose 0.7 percent in October after ticking down 0.1 percent in the previous month. Manufacturing production rose 0.5 percent in October after increasing 0.3 percent in September. Additionally, manufacturing capacity utilization increased to 75.4 percent in October from 75.1 percent in the previous month.
The employment-related indicators’ contribution to the index in October was +0.03, down from +0.14 in September. Payroll employment edged up 80,000 in October after increasing 158,000 in the previous month. In contrast, the unemployment rate edged down from 9.1 percent in September to 9.0 percent in October. The sales, orders, and inventories category contributed +0.01 to the index in October, up slightly from −0.01 in September.

The contribution from the consumption and housing category to the index decreased to −0.32 in October from −0.28 in September. Housing starts edged down to 628,000 annualized units in October from 630,000 in September. Conversely, housing permits increased to 653,000 annualized units from 589,000 over the same period.

Forty-six of the 85 individual indicators made positive contributions to the index in October, while 39 made negative contributions.

Fifty-two indicators improved from September to October, while 33 indicators deteriorated. Of the indicators that improved, 17 made negative contributions. The index was constructed using data available as of November 18, 2011. At that time, October data for 52 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index.

The September monthly index was revised to −0.20 from an initial estimate of −0.22. 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 revision to the September monthly index was due primarily to the latter.