**Chicago Fed National Activity Index**

Index shows economic activity increased in April

Led by improvements in production-related indicators, the Chicago Fed National Activity Index (CFNAI) rose to +0.11 in April from –0.44 in March. Of the four broad categories of indicators that make up the index, only the production and income category and sales, orders, and inventories category improved from March and made a positive contribution in April.

The index’s three-month moving average, CFNAI-MA3, ticked down to –0.06 in April from +0.02 in March, falling below zero for the first time since November 2011. April’s CFNAI-MA3 suggests that growth in national economic activity was near its historical trend. The economic growth reflected in this level of the CFNAI-MA3 suggests subdued inflationary pressure from economic activity over the coming year.

The CFNAI Diffusion Index also moved lower in April, declining to +0.10 from +0.19 in the previous month. Forty-five of the 85 individual indicators made positive contributions to the CFNAI in April, while 40 made negative contributions. Forty-six indicators improved from March to April, while 37 indicators deteriorated and two were unchanged. Of the indicators that improved, thirteen made negative contributions.

The next CFNAI will be released: June 25, 2012
8:30 am Eastern Time
7:30 am Central Time

**FEDERAL RESERVE BANK OF CHICAGO**
The contribution from production-related indicators to the CFNAI rose to +0.36 in April from −0.31 in March. Total industrial production increased 1.1 percent in April after declining 0.6 percent in March, and manufacturing production increased 0.6 percent in April after decreasing 0.5 percent in the previous month.

Employment-related indicators made a neutral contribution to the CFNAI in April, down from +0.14 in March. Total payroll employment increased by 115,000 in April after rising by 154,000 in March. In contrast, the unemployment rate decreased to 8.1 percent in April from 8.2 percent in March. The contribution from the sales, orders, and inventories category to the CFNAI was nearly neutral in April, ticking up to +0.01 from −0.01 in March.

The contribution from the consumption and housing category to the CFNAI was unchanged at −0.26 in April. Housing starts rose to 717,000 annualized units in April from 699,000 in March, while housing permits decreased to 715,000 annualized units from 769,000 over the same period.

The CFNAI was constructed using data available as of May 17, 2012. At that time, April data for 51 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index. The March monthly index was revised to −0.44 from an initial estimate of −0.29. 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 March monthly index was due primarily to the former.