Chicago Fed National Activity Index

Index shows economic growth in July again below average

The Chicago Fed National Activity Index (CFNAI) edged up to –0.15 in July from –0.23 in June. Three of the four broad categories of indicators that make up the index increased slightly from June, but only two of the four categories made positive contributions to the index in July.

The index’s three-month moving average, CFNAI-MA3, increased to –0.15 in July from –0.24 in June, marking its fifth consecutive reading below zero. July’s CFNAI-MA3 suggests that growth in national economic activity was below 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 increased to –0.02 in July from –0.08 in June. Thirty-eight of the 85 individual indicators made positive contributions to the CFNAI in July, while 47 made negative contributions. Fifty-three indicators improved from June to July, while 32 indicators deteriorated. Of the indicators that improved, 21 made negative contributions.

The next CFNAI will be released: September 23, 2013
8:30 am Eastern Time
7:30 am Central Time

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The contribution from the sales, orders, and inventories category to the CFNAI increased to +0.04 in July from –0.07 in June. The Institute for Supply Management’s Manufacturing Purchasing Managers’ New Orders Index rose to 58.3 in July from 51.9 in the previous month.

The contribution from the consumption and housing category to the CFNAI moved up to –0.15 in July from –0.20 in June. Housing permits increased to 943,000 annualized units in July from 918,000 in June, and housing starts rose to 896,000 annualized units in July from 846,000 in the previous month.

Employment-related indicators contributed +0.06 to the CFNAI in July, up slightly from +0.05 in June. The unemployment rate fell to 7.4 percent in July from 7.6 percent in June, but nonfarm payrolls rose by 162,000 in July after increasing by 188,000 in the previous month.

Production-related indicators contributed –0.10 to the CFNAI in July, down from –0.01 in June. Manufacturing production decreased 0.1 percent in July after rising 0.2 percent in June, and manufacturing capacity utilization ticked down to 75.8 percent in July from 75.9 percent in June.

The CFNAI was constructed using data available as of August 16, 2013. At that time, July data for 50 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index. The June monthly index was revised to –0.23 from an initial estimate of –0.13, and the May monthly index was revised to –0.07 from last month’s 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. Revisions to the May and June monthly indexes were due primarily to the latter.

CFNAI release dates, historical data, and background information are available at www.chicagofed.org/cfnai.