Led by gains in employment- and production-related indicators, the Chicago Fed National Activity Index (CFNAI) increased to +0.60 in November from –0.07 in October. All four broad categories of indicators that make up the index increased from October, and three of the four categories made positive contributions to the index in November.

The index’s three-month moving average, CFNAI-MA3, increased to +0.25 in November from +0.12 in October, marking its second consecutive reading above zero and highest reading since February 2012. November’s CFNAI-MA3 suggests that growth in national economic activity was above its historical trend. The economic growth reflected in this level of the CFNAI-MA3 suggests limited inflationary pressure from economic activity over the coming year.

The CFNAI Diffusion Index increased to +0.27 in November from +0.24 in October. Fifty-six of the 85 individual indicators made positive contributions to the CFNAI in November, while 29 made negative contributions. Fifty-four indicators improved from October to November, while 30 indicators deteriorated and one was unchanged. Of the indicators that improved, 11 made negative contributions.

The next CFNAI will be released:
January 23, 2014
8:30 am Eastern Time
7:30 am Central Time

FEDERAL RESERVE BANK OF CHICAGO
Employment-related indicators contributed +0.28 to the CFNAI in November, up from −0.05 in October. The unemployment rate decreased to 7.0 percent in November from 7.3 percent in October, and total payroll employment increased by 203,000 in November after rising by 200,000 in the previous month.

Production-related indicators contributed +0.39 to the CFNAI in November, up from +0.07 in October. Industrial production rose 1.1 percent in November after increasing 0.1 percent in October, and manufacturing capacity utilization increased to 76.8 percent in November from 76.4 percent in the previous month. The contribution from the sales, orders, and inventories category to the CFNAI increased to +0.06 in November from +0.04 in October.

The contribution from the consumption and housing category to the CFNAI ticked up to −0.12 in November from −0.13 in October.

Housing starts increased to 1,091,000 annualized units in November from 889,000 in October. However, housing permits edged down to 1,007,000 annualized units in November from 1,039,000 in the previous month.

The CFNAI was constructed using data available as of December 19, 2013. At that time, November data for 51 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index. The October monthly index was revised to −0.07 from an initial estimate of −0.18. 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 October monthly index was due primarily to the former.

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.

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.

Notes: Shading indicates official periods of recession as identified by the National Bureau of Economic Research. The CFNAI Diffusion Index represents the sum of the absolute values of the weights for the underlying indicators whose contribution to the CFNAI is positive in a given month less the sum of the absolute values of the weights for those indicators whose contribution is negative or neutral in a given month. Periods of economic expansion have historically been associated with values of the three-month moving average of the CFNAI Diffusion Index above −0.35.

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