**Chicago Fed National Activity Index**

Index shows economic activity improved in February

Led by gains in production-related indicators, the Chicago Fed National Activity Index (CFNAI) increased to +0.44 in February from −0.49 in January. All four broad categories of indicators that make up the index increased from January, and three of the four categories made positive contributions to the index in February.

The index’s three-month moving average, CFNAI-MA3, decreased to +0.09 in February from +0.28 in January, marking its fourth consecutive reading above zero. February’s CFNAI-MA3 suggests that growth in national economic activity was somewhat 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 ticked up to +0.14 in February from +0.13 in January. Fifty-eight of the 85 individual indicators made positive contributions to the CFNAI in February, while 27 made negative contributions. Sixty-four indicators improved from January to February, while 21 indicators deteriorated. Of the indicators that improved, 16 made negative contributions.

![Chicago Fed National Activity Index, Three-Month Moving Average (CFNAI-MA3)](chart.png)

**CFNAI, CFNAI-MA3, and CFNAI Diffusion for the latest six months and year-ago month**

<table>
<thead>
<tr>
<th></th>
<th>Feb '13</th>
<th>Jan '13</th>
<th>Dec '12</th>
<th>Nov '12</th>
<th>Oct '12</th>
<th>Sep '12</th>
<th>Feb '12</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFNAI Current</td>
<td>+0.44</td>
<td>−0.49</td>
<td>+0.33</td>
<td>+1.00</td>
<td>−0.54</td>
<td>−0.05</td>
<td>+0.25</td>
</tr>
<tr>
<td>CFNAI-MA3 Current</td>
<td>+0.09</td>
<td>+0.28</td>
<td>+0.26</td>
<td>+0.13</td>
<td>−0.55</td>
<td>−0.36</td>
<td>+0.46</td>
</tr>
<tr>
<td>CFNAI Diffusion</td>
<td>+0.14</td>
<td>+0.13</td>
<td>+0.13</td>
<td>−0.02</td>
<td>−0.38</td>
<td>−0.25</td>
<td>+0.44</td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td>+0.10</td>
<td>+0.07</td>
<td>−0.02</td>
<td>−0.38</td>
<td>−0.24</td>
<td>+0.44</td>
</tr>
</tbody>
</table>

Current and Previous values reflect index values as of the March 25, 2013, release and February 25, 2013, release, respectively. N/A indicates not applicable.
Production-related indicators contributed +0.34 to the CFNAI in February, up from –0.30 in January. Manufacturing production increased 0.8 percent in February after decreasing 0.3 percent in January, and manufacturing capacity utilization rose to 78.3 percent in February from 77.8 percent in the previous month.

Employment-related indicators contributed +0.20 to the CFNAI in February, up from +0.01 in January. The unemployment rate moved down to 7.7 percent in February from 7.9 percent in January, and nonfarm payrolls rose by 236,000 in February after increasing by 119,000 in January. The contribution from the sales, orders, and inventories category to the CFNAI in February was also positive, moving up to +0.05 from –0.01 in January.

The contribution from the consumption and housing category to the CFNAI increased to –0.16 in February from –0.19 in January.

Housing permits increased to 946,000 annualized units in February from 904,000 in January, and housing starts edged up to 917,000 annualized units in February from 910,000 in the previous month.

The CFNAI was constructed using data available as of March 21, 2013. At that time, February data for 51 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index. The January monthly index was revised to –0.49 from an initial estimate of –0.32. 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 January monthly index was due primarily to the latter.

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/cfnai.