Chicago Fed National Activity Index

Index shows economic growth accelerated in November

Led by improvements in production-related indicators, the Chicago Fed National Activity Index (CFNAI) rose to +0.73 in November from +0.31 in October. Two of the four broad categories of indicators that make up the index increased from October, and only one of the four categories made a negative contribution to the index in November.

The index’s three-month moving average, CFNAI-MA3, rose to +0.48 in November from +0.09 in October, reaching its highest level since May 2010. 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 modest inflationary pressure from economic activity over the coming year.

The CFNAI Diffusion Index, which is also a three-month moving average, increased to +0.37 in November from +0.18 in October. Fifty-four of the 85 individual indicators made positive contributions to the CFNAI in November, while 31 made negative contributions. Fifty indicators improved from October to November, while 35 indicators deteriorated. Of the indicators that improved, six made negative contributions.

The next CFNAI will be released:
January 23, 2015
8:30 am Eastern Time
7:30 am Central Time

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Production-related indicators made a contribution of +0.64 to the CFNAI in November, up from +0.09 in October. Industrial production increased 1.3 percent in November after moving up 0.1 percent in October, and manufacturing production increased 1.1 percent in November after moving up 0.4 percent in the previous month. In addition, manufacturing capacity utilization rose to 78.4 percent in November from 77.6 percent in October.

Employment-related indicators contributed +0.17 to the CFNAI in November, down somewhat from +0.22 in October. The unemployment rate remained steady at 5.8 percent in November, and average weekly initial unemployment insurance claims increased in November from October. However, nonfarm payrolls increased by 321,000 in November, up from a gain of 243,000 in the previous month. The contribution of the sales, orders, and inventories category to the CFNAI decreased to +0.02 in November from +0.11 in October.

The contribution of the consumption and housing category to the CFNAI decreased to –0.10 in November from –0.11 in October. Consumption indicators, on balance, improved, pushing the category’s contribution higher. However, housing starts decreased to 1,028,000 annualized units in November from 1,045,000 in October, and housing permits declined to 1,035,000 annualized units in November from 1,092,000 in the previous month.

The CFNAI was constructed using data available as of December 18, 2014. 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 +0.31 from an initial estimate of +0.14. 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.

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