Chicago Fed National Activity Index

Index shows economic growth picked up in May

Led by improvements in production-related indicators, the Chicago Fed National Activity Index (CFNAI) increased to +0.21 in May from −0.15 in April. Three of the four broad categories of indicators that make up the index made positive contributions to the index in May, and three of the four categories increased from April.

The index’s three-month moving average, CFNAI-MA3, decreased to +0.18 in May from +0.31 in April, marking its third consecutive reading above zero. May’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, which is also a three-month moving average, increased to +0.23 in May from +0.20 in April. Fifty-two of the 85 individual indicators made positive contributions to the CFNAI in May, while 33 made negative contributions. Fifty-five indicators improved from April to May, while 29 indicators deteriorated and one was unchanged. Of the indicators that improved, 17 made negative contributions.

Current and Previous values reflect index values as of the June 23, 2014, release and May 22, 2014, release, respectively.

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N/A indicates not applicable.
Production-related indicators contributed +0.20 to the CFNAI in May, up from –0.23 in April. Manufacturing production increased 0.6 percent in May after decreasing 0.1 percent in April, and manufacturing capacity utilization rose to 77.0 percent in May from 76.7 percent in the previous month.

Employment-related indicators contributed +0.10 to the CFNAI in May, down from +0.26 in April. The unemployment rate remained at 6.3 percent in May after declining by 0.4 percentage points in April; and nonfarm payrolls increased by 217,000 in May after rising by 282,000 in the previous month. The sales, orders, and inventories category contributed +0.04 to the CFNAI in May, up from –0.03 in April.

The contribution from the consumption and housing category to the CFNAI moved up to –0.12 in May from –0.15 in April. Consumption indicators, on balance, improved, pushing the category’s contribution higher. However, housing starts decreased to 1,001,000 annualized units in May from 1,071,000 in April, and housing permits decreased to 991,000 annualized units in May from 1,059,000 in the previous month.

The CFNAI was constructed using data available as of June 19, 2014. At that time, May data for 51 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index. The April monthly index was revised to –0.15 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 April monthly index was due primarily to the former.