Chicago Fed National Activity Index

Index shows economic growth slowed in August

Led by declines in production-related indicators, the Chicago Fed National Activity Index (CFNAI) fell to –0.41 in August from +0.51 in July. All four broad categories of indicators that make up the index decreased from July, and all four categories made negative contributions to the index in August.

The index’s three-month moving average, CFNAI-MA3, ticked down to +0.01 in August from +0.02 in July. August’s CFNAI-MA3 suggests that growth in national economic activity was very close to 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, decreased to –0.09 in August from +0.05 in July. Twenty-five of the 85 individual indicators made positive contributions to the CFNAI in August, while 60 made negative contributions. Twenty-two indicators improved from July to August, while 62 indicators deteriorated and one was unchanged. Of the indicators that improved, 12 made negative contributions.

The next CFNAI will be released:
October 22, 2015
8:30 am Eastern Time
7:30 am Central Time

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The contribution from production-related indicators to the CFNAI fell to –0.30 in August from +0.36 in July. Manufacturing production moved down 0.5 percent in August, following a gain of 0.9 percent in July. Manufacturing capacity utilization declined to 75.8 percent in August from 76.2 percent in the previous month.

Employment-related indicators contributed –0.01 in August to the CFNAI, down from +0.18 in July. Nonfarm payrolls increased by 173,000 in August, following a gain of 245,000 in July; however, the unemployment rate declined to 5.1 percent in August from 5.3 percent in the previous month.

The contribution of the personal consumption and housing category to the CFNAI edged down to –0.08 in August from –0.06 in July. Housing starts moved down to 1,126,000 annualized units in August from 1,161,000 in July. However, housing permits increased to 1,170,000 annualized units in August from 1,130,000 in the previous month. The sales, orders, and inventories category also made a negative contribution to the CFNAI in August, decreasing to –0.03 from +0.03 in July.

The CFNAI was constructed using data available as of September 18, 2015. At that time, August data for 51 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index. The July monthly index was revised to +0.51 from an initial estimate of +0.34. 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 July monthly index was due primarily to the latter.