What is the National Activity Index?
The index is a weighted average of 85 indicators of national economic activity drawn from four broad categories of data: 1) production and income; 2) employment, unemployment, and hours; 3) personal consumption and housing; and 4) sales, orders, and inventories.

A zero value for the index indicates that the national economy is expanding at its historical trend rate of growth; negative values indicate below-average growth; and positive values indicate above-average growth.

Why are there three index values?
Each month, we provide a monthly index, its three-month moving average, and a diffusion index. Month-to-month movements can be volatile, so the monthly index’s three-month moving average, the CFNAI-MA3, provides a more consistent picture of national economic growth. The CFNAI Diffusion Index captures the degree to which a change in the monthly index is spread out among its 85 indicators, averaged over a three-month period.

What do the numbers mean?
When the CFNAI-MA3 value moves below –0.70 following a period of economic expansion, there is an increasing likelihood that a recession has begun. Conversely, when the CFNAI-MA3 value moves above –0.70 following a period of economic contraction, there is an increasing likelihood that a recession has ended.

When the CFNAI-MA3 value moves above +0.70 more than two years into an economic expansion, there is an increasing likelihood that a period of sustained increasing inflation has begun.

The next CFNAI will be released:
November 21, 2016
8:30 am Eastern Time
7:30 am Central Time

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The contribution from production-related indicators to the CFNAI rose to –0.01 in September from –0.39 in August. Manufacturing industrial production increased 0.2 percent in September after decreasing 0.5 percent in August; and manufacturing capacity utilization ticked up to 74.9 percent in September from 74.8 percent in the previous month. The sales, orders, and inventories category also made a contribution of –0.01 to the CFNAI in September, up from –0.06 in August.

Employment-related indicators contributed –0.03 to the CFNAI in September, up from –0.15 in August. Civilian nonagricultural employment increased by 442,000 in September after decreasing by 37,000 in August; but the civilian unemployment rate ticked up to 5.0 percent in September from 4.9 percent in the previous month.

The contribution of the personal consumption and housing category to the CFNAI edged up to –0.09 in September from –0.12 in August. Housing permits increased to 1,225,000 annualized units in September from 1,152,000 in August. However, housing starts decreased to 1,047,000 annualized units in September from 1,150,000 in the previous month.

The CFNAI was constructed using data available as of October 20, 2016. At that time, September data for 51 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index. The August monthly index value was revised to –0.72 from an initial estimate of –0.55, and the July monthly index value was revised to +0.23 from last month’s estimate of +0.24. Revisions to the monthly index value 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 August monthly index value was primarily due to the latter, while the revision to the July monthly index value was primarily due to the former.