Led by declines in production-related indicators, the Chicago Fed National Activity Index (CFNAI) fell to −0.55 in August from +0.24 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 up to −0.07 in August from −0.09 in July. August’s CFNAI-MA3 suggests that growth in national economic activity was slightly below its historical trend. The economic growth reflected in this level of the CFNAI-MA3 suggests subdued inflationary pressure from economic activity over the coming year.

The CFNAI Diffusion Index, which is also a three-month moving average, ticked down to −0.02 in August from −0.01 in July. Nineteen of the 85 individual indicators made positive contributions to the CFNAI in August, while 66 made negative contributions. Twenty-one indicators improved from July to August, while 63 indicators deteriorated and one was unchanged. Of the indicators that improved, 13 made negative contributions.
The contribution from production-related indicators to the CFNAI fell to –0.33 in August from +0.15 in July. Industrial production moved down 0.4 percent in August after rising 0.6 percent in July; and manufacturing industrial production decreased 0.4 percent in August after increasing 0.4 percent in the previous month. The sales, orders, and inventories category made a contribution of –0.05 to the CFNAI in August, down from a neutral reading in July.

Employment-related indicators contributed –0.09 to the CFNAI in August, down from +0.15 in July. Nonfarm payrolls increased by 151,000 in August after rising by 275,000 in July; and civilian non-agricultural employment decreased by 37,000 in August after increasing by 515,000 in the previous month.

The contribution of the personal consumption and housing category to the CFNAI ticked down to –0.08 in August from –0.06 in July. Housing starts decreased to 1,142,000 annualized units in August from 1,212,000 in July, and housing permits edged down to 1,139,000 annualized units in August from 1,144,000 in the previous month.

The CFNAI was constructed using data available as of September 20, 2016. At that time, August data for 50 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index. The July monthly index value was revised to +0.24 from an initial estimate of +0.27, and the June monthly index value was revised to +0.09 from last month’s estimate of +0.05. 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 July monthly index value was primarily due to the former, while the revision to the June monthly index value was primarily due to the latter.

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