Index suggests economic growth increased in January

Led by improvements in personal consumption-related indicators, the Chicago Fed National Activity Index (CFNAI) increased to +0.66 in January from +0.41 in December. All four broad categories of indicators used to construct the index made positive contributions in January, but three categories decreased from December. The index’s three-month moving average, CFNAI-MA3, decreased to +0.47 in January from +0.60 in December.

The CFNAI Diffusion Index, which is also a three-month moving average, moved down to +0.34 in January from +0.49 in December. Fifty-three of the 85 individual indicators made positive contributions to the CFNAI in January, while 32 made negative contributions. Forty-nine indicators improved from December to January, while 36 indicators deteriorated. Of the indicators that improved, 13 made negative contributions.
Production-related indicators contributed +0.28 to the CFNAI in January, down from +0.37 in December. Industrial production increased 0.9 percent in January after rising 1.3 percent in December. The contribution of the sales, orders, and inventories category to the CFNAI edged down to +0.02 in January from +0.05 in December.

Employment-related indicators contributed +0.01 to the CFNAI in January, down slightly from +0.05 in December. Nonfarm payrolls increased by 49,000 in January, after falling by 227,000 in the previous month. Notably, however, payrolls in manufacturing and retail trade declined in January. The contribution of the personal consumption and housing category to the CFNAI rose to +0.35 in January from –0.06 in December. Several personal consumption-related indicators improved from December.

The CFNAI was constructed using data available as of February 18, 2021. At that time, January data for 50 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index. The December monthly index value was revised to +0.41 from an initial estimate of +0.52, and the November monthly index value was revised to +0.34 from last month’s estimate of +0.31. 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 revisions to both the December and November monthly index values were primarily due to the former.

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