

News Release

Embargoed for release:

8:30 am Eastern Time

7:30 am Central Time

April 28, 2011

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What is the National Activity Index?

The index is a weighted average of 85 indicators of national economic activity.

The indicators are 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 two index values?

Each month, we provide a monthly index number, which reflects economic activity in the latest month for which we have data, and a three-month moving average. Month-to-month movements can be volatile, so the index's three-month moving average, the CFNAI-MA3, provides a more consistent picture of national economic growth.

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:

May 23, 2011

8:30 am Eastern Time

7:30 am Central Time

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Chicago Fed National Activity Index

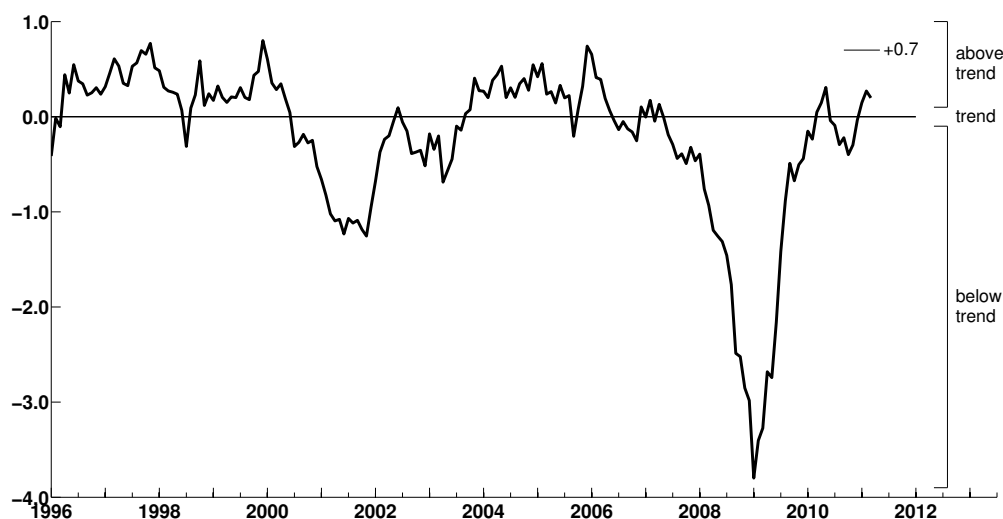
Index shows economic activity improved in March

Led by gains in production indicators, the Chicago Fed National Activity Index increased to $+0.26$ in March from $+0.16$ in February. March marked the fourth consecutive positive reading of the index and the sixth consecutive positive contribution from employment-related indicators. Neither has exhibited such patterns since April 2006.

The index's three-month moving average, CFNAI-MA3, edged down to $+0.20$ in March from $+0.27$ in February, but remained positive for the third consecutive month for the first time since May 2010. March's CFNAI-MA3 suggests that growth in national economic activity was somewhat above its historical trend. With regard to inflation, the CFNAI-MA3 suggests limited inflationary pressure from economic activity over the coming year.

Production-related indicators made a contribution of $+0.39$ to the index in March, up from $+0.11$ in February. Total industrial production rose 0.8 percent in March after increasing 0.1 percent in February. In addition, manufacturing capacity utilization increased to 75.3 percent in March from 74.9 percent in February. Also in March, the Institute for Supply Management's Manufacturing Purchasing Managers' Production Index reached its highest level since January 2004.

Chicago Fed National Activity Index, Three-Month Moving Average (CFNAI-MA3)



CFNAI and CFNAI-MA3 for the latest six months and year-ago month

	Mar '11	Feb '11	Jan '11	Dec '10	Nov '10	Oct '10	Mar '10
CFNAI							
Current	+0.26	+0.16	+0.18	+0.47	-0.21	-0.36	+0.51
Previous	N/A	-0.04	-0.01	+0.38	-0.22	-0.39	+0.55
CFNAI-MA3							
Current	+0.20	+0.27	+0.15	-0.03	-0.30	-0.40	+0.05
Previous	N/A	+0.11	+0.05	-0.08	-0.32	-0.44	-0.01

Current and Previous values reflect index values as of the April 28, 2011, release and March 21, 2011, release, respectively. N/A indicates not applicable.

Employment-related indicators made a contribution of +0.18 to the index in March, down from +0.42 in February. Private payrolls increased by 230,000 in March after rising by 240,000 in the previous month. The sales, orders, and inventories category also made a positive contribution to the index in March. Its contribution was +0.08, up slightly from +0.05 in February.

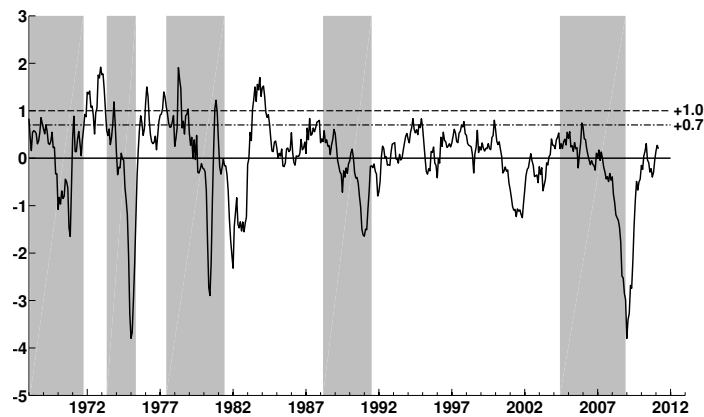
In contrast, the consumption and housing category contributed -0.39 to the index in March—a slight improvement from -0.42 in February. Housing starts increased to 549,000 annualized units in March from 512,000 in February, and building permits rose to 594,000 annualized units in March from 534,000 in the previous month.

Fifty-seven of the 85 individual indicators made positive contributions to the index in March, while 28 made negative contributions.

Forty-nine indicators improved from February to March, while 35 indicators deteriorated and one was unchanged. Of the indicators that improved, 16 made negative contributions. The index was constructed using data available as of April 21, 2011. At that time, March data for 52 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index.

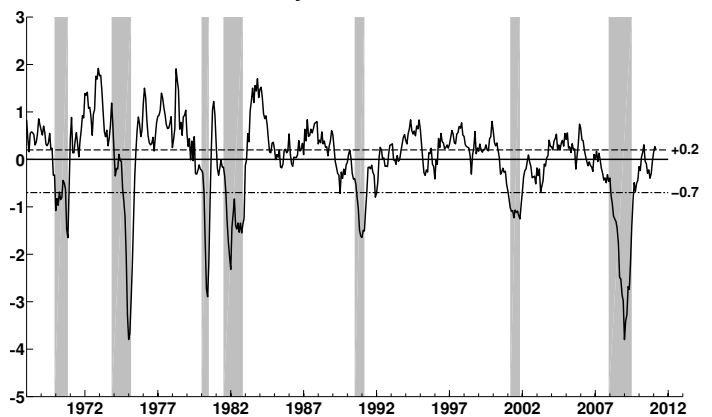
The February monthly index was revised to +0.16 from an initial estimate of -0.04. Revisions to the monthly index can be attributed to two main factors: revisions in previously published data and differences between the estimates of previously unavailable data and subsequently published data. The upward revision to the February monthly index was due primarily to revisions in previously published data.

CFNAI-MA3 and Inflation Cycles



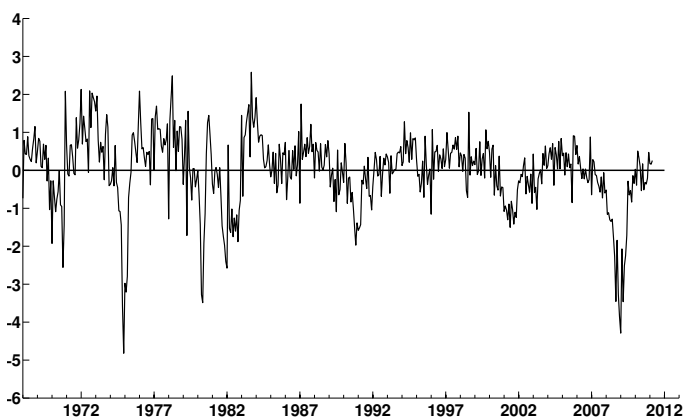
Notes: Shading represents periods of substantial inflation increases. A CFNAI-MA3 value above +0.70 more than two years into an economic expansion indicates an increasing likelihood that a period of sustained increasing inflation has begun. A CFNAI-MA3 value above +1.00 more than two years into an economic expansion indicates a substantial likelihood that a period of sustained increasing inflation has begun.

CFNAI-MA3 and Business Cycles



Notes: Shading indicates official periods of recession as identified by the National Bureau of Economic Research. A CFNAI-MA3 value below -0.70 following a period of economic expansion indicates an increasing likelihood that a recession has begun. A CFNAI-MA3 value above -0.70 following a period of economic contraction indicates an increasing likelihood that a recession has ended. A CFNAI-MA3 value above +0.20 following a period of economic contraction indicates a significant likelihood that a recession has ended.

CFNAI, Monthly Index



2011 CFNAI Release Dates

<i>Date of Release</i>	<i>Monthly Data for</i>
<i>May 23, 2011</i>	<i>April 2011</i>
<i>June 23, 2011</i>	<i>May 2011</i>
<i>July 25, 2011</i>	<i>June 2011</i>
<i>August 22, 2011</i>	<i>July 2011</i>
<i>September 26, 2011</i>	<i>August 2011</i>
<i>October 24, 2011</i>	<i>September 2011</i>
<i>November 21, 2011</i>	<i>October 2011</i>
<i>December 22, 2011</i>	<i>November 2011</i>