

News Release

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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:

June 24, 2013

8:30 am Eastern Time

7:30 am Central Time

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Chicago Fed National Activity Index

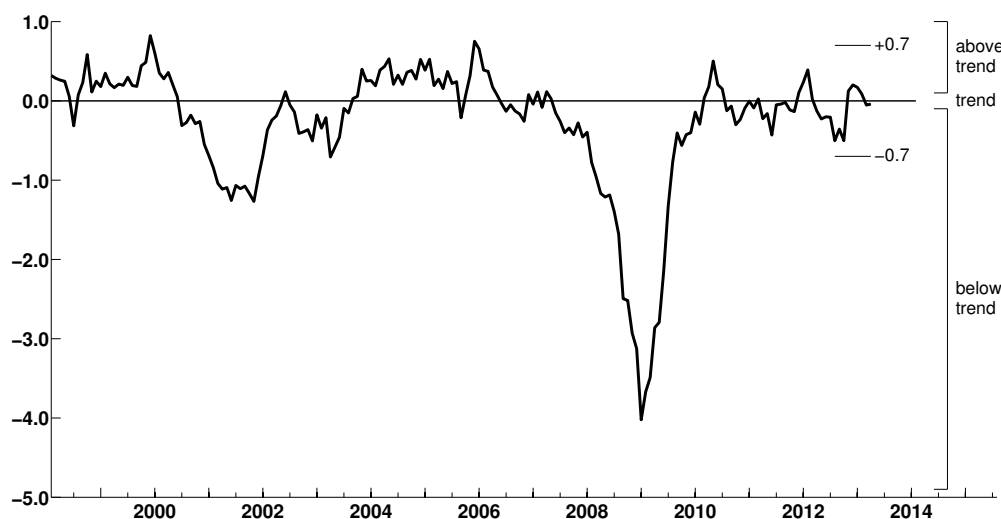
Index shows slower economic activity in April

Led by declines in production-related indicators, the Chicago Fed National Activity Index (CFNAI) decreased to -0.53 in April from -0.23 in March. Three of the four broad categories of indicators that make up the index decreased from March, and none of the categories made a positive contribution to the index in April.

The index's three-month moving average, CFNAI-MA3, ticked up to -0.04 in April from -0.05 in March. April's CFNAI-MA3 suggests that growth in national economic activity was very near 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 increased to -0.03 in April from -0.04 in March. Thirty-two of the 85 individual indicators made positive contributions to the CFNAI in April, while 53 made negative contributions. Forty-four indicators improved from March to April, while 41 indicators deteriorated. Of the indicators that improved, eighteen made negative contributions.

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



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

	Apr '13	Mar '13	Feb '13	Jan '13	Dec '12	Nov '12	Apr '12
CFNAI							
Current	-0.53	-0.23	+0.63	-0.56	+0.19	+0.89	-0.02
Previous	N/A	-0.23	+0.76	-0.56	+0.17	+0.86	-0.02
CFNAI-MA3							
Current	-0.04	-0.05	+0.08	+0.17	+0.20	+0.12	-0.13
Previous	N/A	-0.01	+0.12	+0.16	+0.19	+0.11	-0.13
CFNAI Diffusion							
Current	-0.03	-0.04	+0.07	+0.06	+0.08	-0.04	+0.10
Previous	N/A	-0.02	+0.13	+0.08	+0.09	-0.04	+0.10

Current and Previous values reflect index values as of the May 20, 2013, release and April 22, 2013, release, respectively. N/A indicates not applicable.

Production-related indicators contributed -0.34 to the CFNAI in April, down from -0.04 in March. Industrial production declined 0.5 percent in April after increasing 0.3 percent in March, and manufacturing production decreased 0.4 percent in April after moving down 0.3 percent in the previous month.

Employment-related indicators made a neutral contribution to the CFNAI in April, down from $+0.01$ in March. While the unemployment rate decreased slightly in April, growth in nonfarm payrolls made a neutral contribution to the employment, unemployment, and hours category for the second straight month.

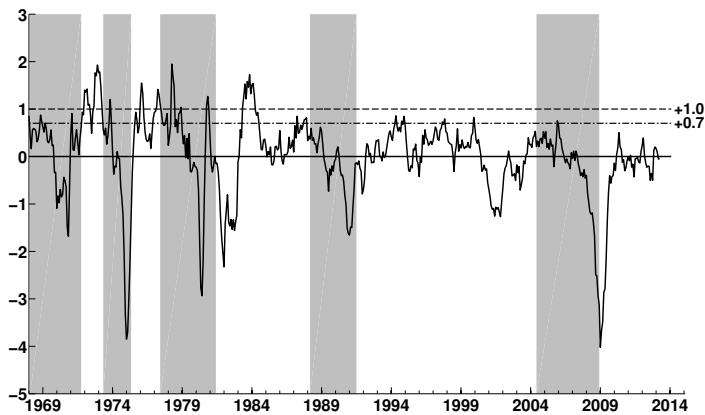
The sales, orders, and inventories category contributed -0.01 to the CFNAI in April, up from -0.04 in March.

The consumption and housing category contributed -0.17 to the CFNAI in April, down slightly from -0.15 in March. Housing starts

decreased to 853,000 annualized units in April from 1,021,000 in March, although housing permits increased to 1,017,000 annualized units in April from 890,000 in the previous month.

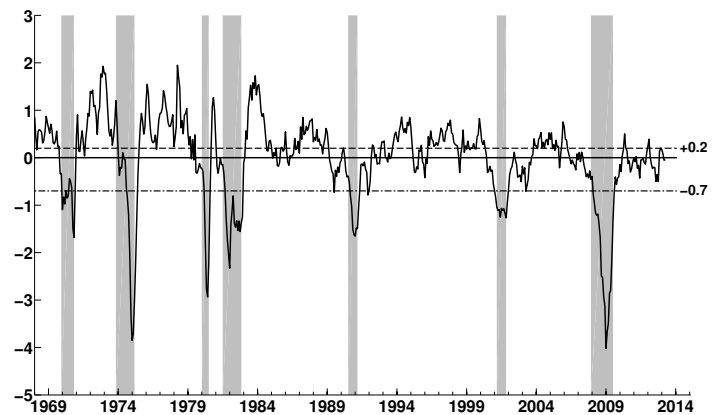
The CFNAI was constructed using data available as of May 17, 2013. At that time, April data for 51 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index. The March monthly index was unchanged at -0.23 after data revisions. Revisions to the monthly 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. For the March monthly index, the two factors offset each other.

CFNAI-MA3 and Inflation Cycles



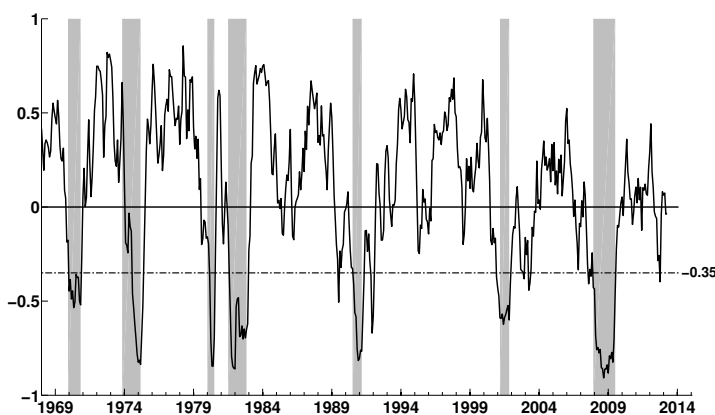
Notes: Shading represents periods of substantial inflation increases. A CFNAI-MA3 value above $+0.70$ more than two years into an economic expansion indicates an increasing likelihood that a period of sustained increasing inflation has begun. A CFNAI-MA3 value above $+1.00$ more than two years into an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



Notes: Shading indicates official periods of recession as identified by the National Bureau of Economic Research. The CFNAI Diffusion Index represents the sum of the absolute values of the weights for the underlying indicators whose contribution to the CFNAI is positive in a given month less the sum of the absolute values of the weights for those indicators whose contribution is negative or neutral in a given month. Periods of economic expansion have historically been associated with values of the three-month moving average of the CFNAI Diffusion Index above -0.35 .

CFNAI, Monthly Index

