

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Index Hits New High

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**Contact: Suzanne Heffner
Media Relations Manager
312-322-5108**

**Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, IL 60604**

**Release dates for 1998
are as follows:**

January	12
February	11
March	11
April	10
May	11
June	11
July	10
August	11
September	11
October	13
November	12
December	11

The Chicago Fed Midwest Manufacturing Index (CFMMI) reached a record high of 124.9 in October. The index increased 1.1% from September to October, following a revised 0.2% decrease in September. By comparison, the Federal Reserve Board's industrial production index for manufacturing increased by 0.6% in October and 0.2% in September.*

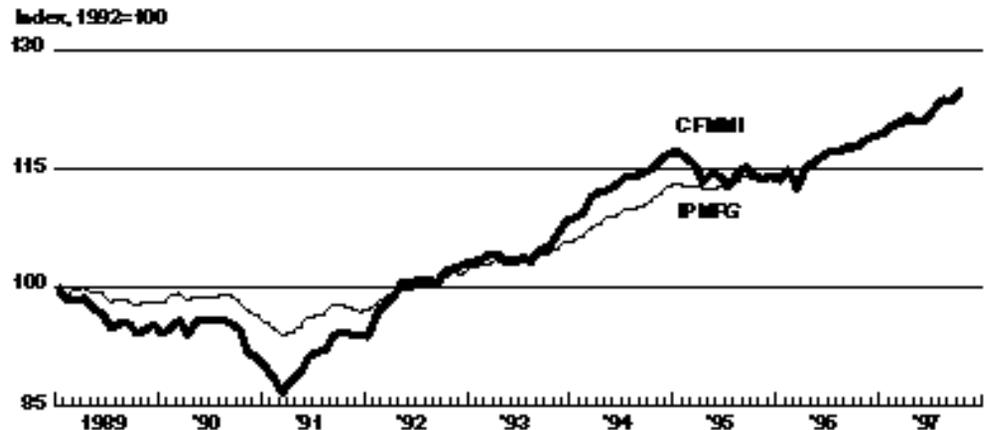
All four industrial subsectors in the region showed significant growth in October. The auto sector had the strongest growth in the Midwest index, rising by 1.8% in October, following a 0.5% decline in September. The Midwest steel sector expanded by 0.9% in October following a 0.5% increase in September. The regional resource sector's growth was also very strong, rising in October by 0.9% after having fallen 0.3% in September. The Midwest's machinery sector recorded the smallest growth rate of any of the sectors, although it rose by an impressive 0.8% in October, following a 0.4% decline in September. The strong performance of the Midwest index in October came on the heels of a fairly soft September, when every regional sector grew at a slower rate than its national counterpart.

With strong sales of light vehicles during the summer, vehicle inventories were drawn down to very low levels. Passenger car inventories in the third quarter were at their lowest levels in over 10 years. Light truck inventories were at their lowest levels in three years. With inventories below desired levels, Midwest vehicle producers increased their output in October. While Midwest auto output rose by 1.8% in October, the national auto production index rose by only 0.3%. The strong 8.9% increase in Midwest vehicle production from a year ago lagged the national growth rate of 9.7%. Vehicle producers outside the Midwest have benefitted from a greater specialization in light truck production. Nationally light trucks have recently reached a record 48% of total light vehicle sales.

Regional steel production continued to expand at rates that were above the nation as demand from the auto and machinery sectors remained at high levels. In October, Midwest steel output was 7.0% above a year ago, and on this basis has been growing faster than the nation since February. Output of the Midwest machinery sector in October was up an extremely strong 8.9% from a year ago, although this was less than the 13.3% rate reported nationally. The region's resource sector increase in October was due in large part to good growth in the food, chemical, and stone, clay, glass and concrete product categories.

**Note: The national industrial production series reflects data prior to the December 9 revisions.*

Chicago Fed Midwest Manufacturing Index



**The next CFMMI will be released:
Monday, January 12, 1998
Noon Eastern Time
11:00 am Central Time**

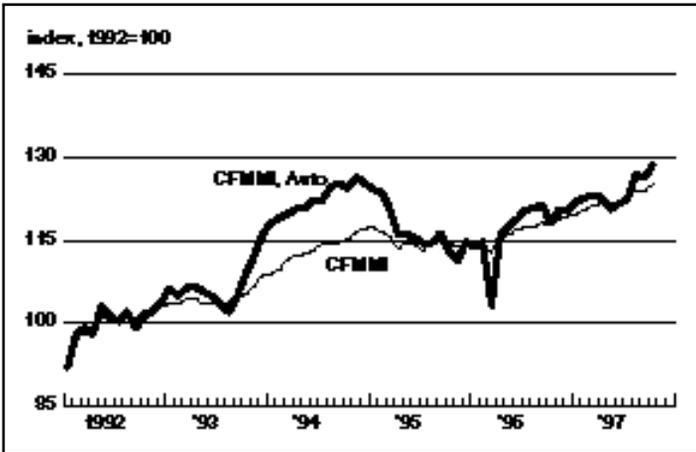
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Manufacturing output indexes – October 1997

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	1.1	1.8	6.0
US Industrial Production-Manufacturing (IPMFG)	0.6	1.6	5.9

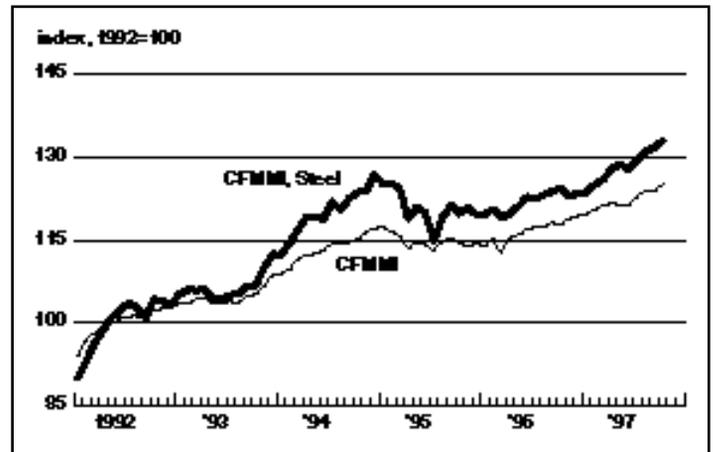
Tracking Midwest Manufacturing Activity by Sectors — October 1997

Auto Sector



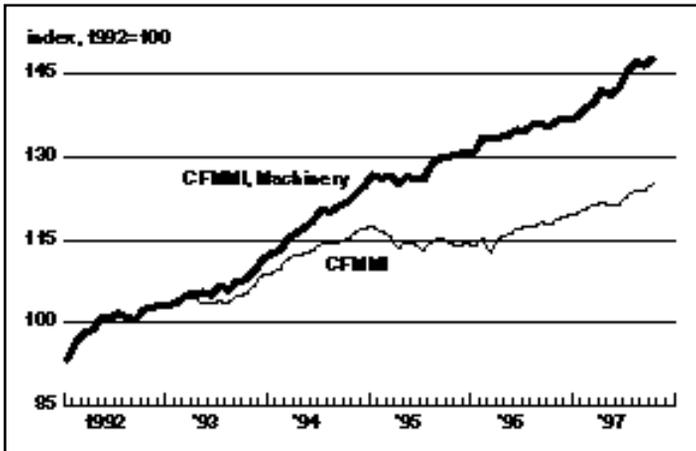
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



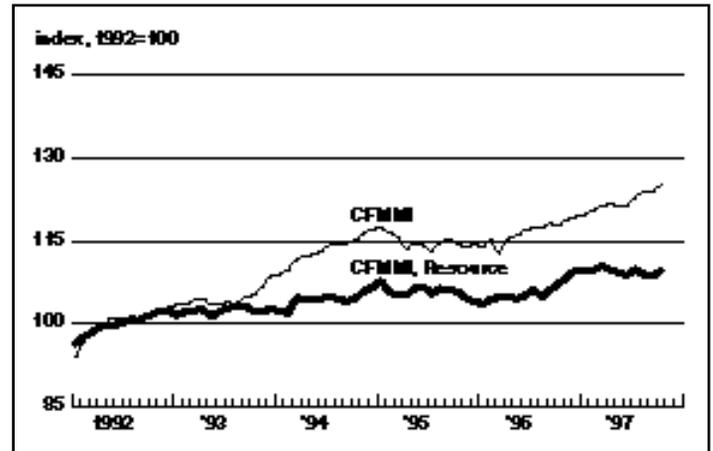
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

Machinery Sector



Machinery Sector CFMMI Components:
Industrial Machinery and Equipment; Electronic and Other Electric Equipment;
Instruments and Related Products

Resource Sector



Resource Sector CFMMI Components:
Food and Kindred Products; Lumber and Wood Products, Paper and Allied Products,
Chemicals and Allied Products; Petroleum and Coal Products; Stone, Clay, and Glass
Products

Manufacturing Activity: Summary Table

	Index, 1992=100			Percent change			
	Aug 97	Sept 97	Oct 97	Monthly			Annual Oct 96-Oct 97
				Aug 97	Sept 97	Oct 97	
CFMMI	123.9	123.6	124.9	1.0	-0.2	1.1	6.0
CFMMI - Auto	126.9	126.2	128.5	3.8	-0.5	1.8	8.9
CFMMI - Steel	131.1	131.7	132.9	1.3	0.5	0.9	7.0
CFMMI - Machinery	147.2	146.5	147.7	1.2	-0.4	0.8	8.9
CFMMI - Resource	108.9	108.6	109.5	-0.9	-0.3	0.9	2.1
IPMFG	123.5	123.8	124.6	0.8	0.2	0.6	5.9

Note: Three of the sixteen industries in the CFMMI are not included in any of the four sectors above. These are Furniture and Fixtures, Printing and Publishing, and Miscellaneous Manufacturing Industries.

The Chicago Fed Midwest Manufacturing Index (CFMMI) is a monthly estimate of manufacturing output in the region by major industry. The Midwest is defined as the five states comprising the Seventh Federal Reserve District: Illinois, Indiana, Iowa, Michigan, and Wisconsin. The CFMMI is a composite index of 16 manufacturing industries (identified by 2-digit SIC codes) that uses electrical power and hours worked data to measure monthly changes in regional activity. The CFMMI provides a regional comparison with the manufacturing component of the Industrial Production Index (IPMFG) compiled by the Federal Reserve Board. Although the IPMFG is constructed differently than the CFMMI, it also uses electrical power and hours worked data as measures of industry output for about 60 percent of its total production index.

CFMMI and IPMFG historical data are available on the Federal Reserve Bank of Chicago's Web site at <http://www.frbchi.org>