

# Chicago Fed Midwest Manufacturing Index

## Midwest Manufacturing Output Surges to Record High in June

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The Chicago Fed Midwest Manufacturing Index (CFMMI) rose by a very strong 1.2% from May to June, reaching a record seasonally-adjusted level of 131.9 (1992=100); revised data show the index fell 0.3% in May. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) increased 0.1% in June, after rising 0.3% in May. June output in the region was 3.4% higher than a year earlier, the strongest gain since June 1998. The nation's output was 3.6% higher than last year.

Output in all four regional subsectors increased in June—the first time since October 1998. In addition, all regional subsectors rose more rapidly than their national counterparts, for the first time since October 1997. The Midwest auto sector showed the strongest increase, surging 4.4% in June, after having been unchanged in May. The regional machinery sector increased 0.9% in June, after rising 0.1% in the prior month. The Midwest's steel sector rose 0.4% in June, following a 0.7% decline in May. The regional resource sector increased 0.3% in June, after falling 1.0% in May.

The regional auto sector's increase of 4.4% in June easily exceeded the 0.4% increase in the nation. Year-to-date light vehicle sales remained very strong through June, averaging a seasonally adjusted annual rate of 16.5 million units; this was 5.8% more units than were sold in the first half of 1998. Lean vehicle inventories have continued to drive strong production in the industry. Compared with a June 1998 that was affected by the start of the GM strikes, June 1999 Midwest auto sector output was 10.9% higher. In contrast, the nation's auto sector output was 8.0% above June 1998.

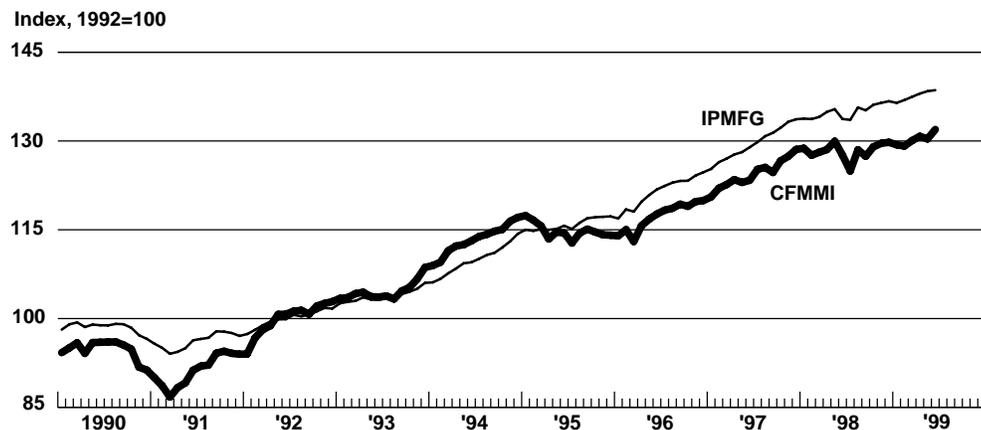
The region's machinery sector's output gain of 0.9% in June was slightly ahead of the nation's 0.8% increase. The regional strength was focused in the electronic and other electrical equipment segment. In June, regional machinery output stood 4.2% above its June 1998 level, while the nation was up a stronger 11.8%.

The regional steel sector's 0.4% increase in June was stronger than the 0.1% increase nationally. The Midwest steel output increase was due to gains in both primary and fabricated metals industries. In June, Midwest steel sector output was 0.4% below June 1998, more than the nation's 0.1% decline.

The June increase of 0.3% in the region's resource sector was larger than the 0.1% gain experienced by the nation. The Midwest's output increase reflected gains in food processing and petroleum production. Compared with a year ago, Midwest resource sector output was 0.9% higher in June, slightly higher than the nation's 0.7% gain.

— William A. Strauss • Senior Economist and Economic Advisor • 312-322-8151

### Chicago Fed Midwest Manufacturing Index



**The next CFMMI will be released:  
Monday, September 13, 1999  
Noon Eastern Time  
11:00 am Central Time**

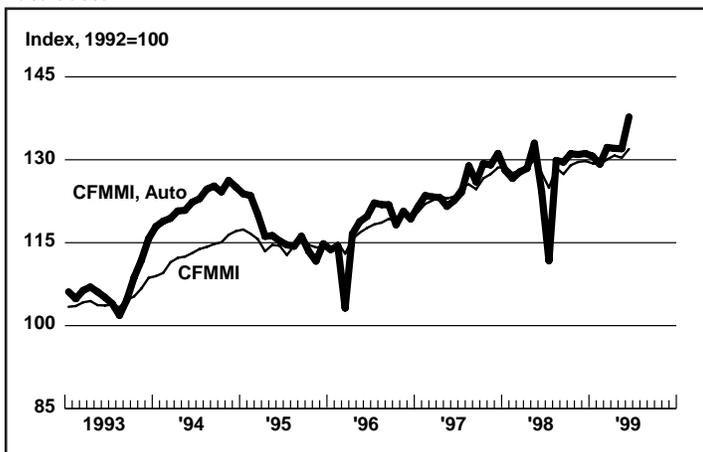
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### Manufacturing output indexes – June 1999

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	1.2	1.4	3.4
US Industrial Production-Manufacturing (IPMFG)	0.1	0.8	3.6

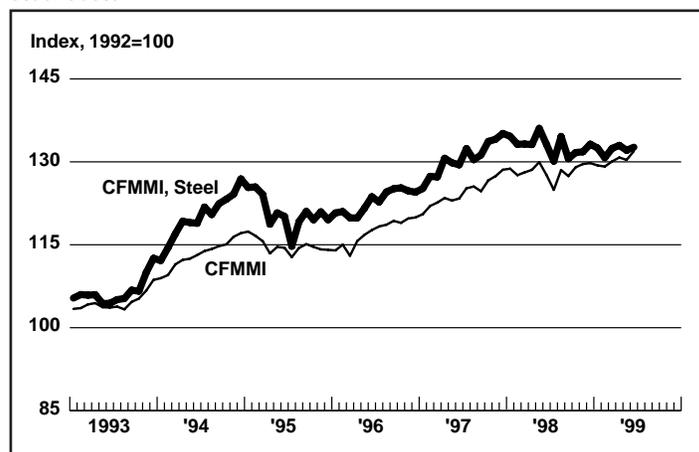
# Tracking Midwest Manufacturing Activity by Sectors — June 1999

## Auto Sector



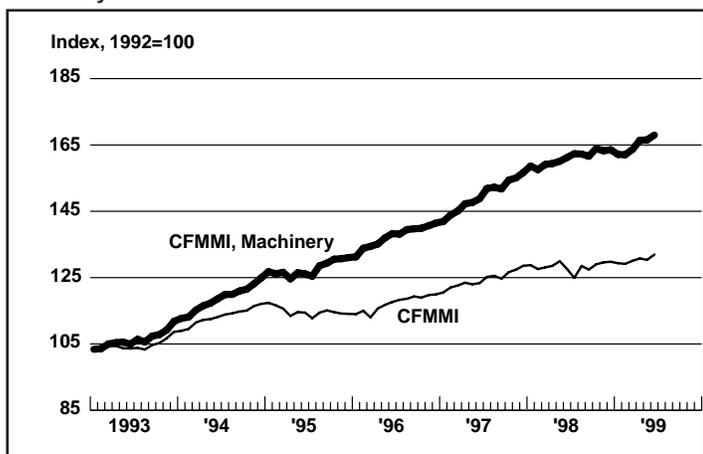
Auto Sector CFMMI Components:  
Rubber and Miscellaneous Plastics Products; Transportation Equipment

## Steel Sector



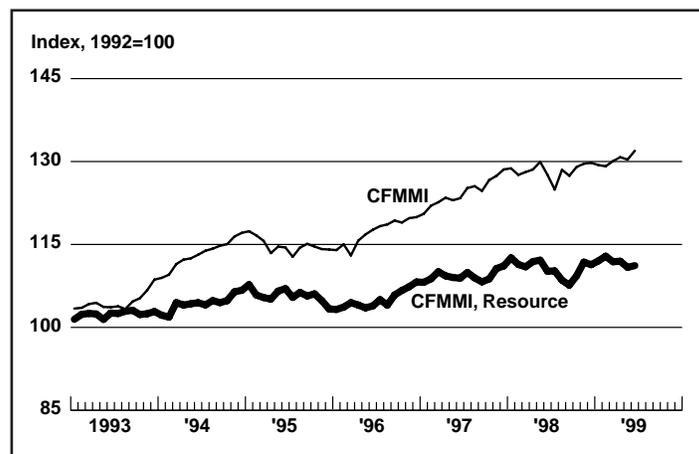
Steel Sector CFMMI Components:  
Primary Metal Industries; Fabricated Metal Products

## 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			
	Apr 99	May 99	Jun 99	Monthly			Annual Jun 98–Jun 99
				Apr	May	Jun 99	
CFMMI	130.8	130.3	131.9	0.6	-0.3	1.2	3.4
CFMMI - Auto	132.1	132.0	137.8	-0.1	0.0	4.4	10.9
CFMMI - Steel	133.0	132.1	132.6	0.4	-0.7	0.4	-0.4
CFMMI - Machinery	166.4	166.5	168.0	1.7	0.1	0.9	4.2
CFMMI - Resource	112.0	110.9	111.2	0.1	-1.0	0.3	0.9
IPMFG	138.0	138.4	138.6	0.4	0.3	0.1	3.6

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>