

# Chicago Fed Midwest Manufacturing Index

## Midwest Manufacturing Output Declines in August

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The Chicago Fed Midwest Manufacturing Index (CFMMI) fell 0.6% from July to August, reaching a seasonally adjusted level of 166.9 (1992=100). Revised data show the index was at 168.0 in July, and had risen 0.1% from June. By comparison, the Federal Reserve Board's industrial production index for manufacturing (IPMFG) increased 0.1% both in August and July. August output in the region was 7.1% higher than a year earlier, while output in the nation was 6.2% higher.

Output in three of the four CFMMI sub-sectors decreased in August and the fourth was unchanged from July. The Midwest steel sector output had the largest sectoral decline, falling 1.9% in August, compared with a 1.1% decrease in July. Output in the regional resource sector fell 1.1% in August, following a 0.4% decrease the month before. Regional auto sector output declined 0.5% in August, following a 2.7% drop the previous month. The Midwest machinery sector's August output was unchanged from July.

Regional steel output decreased by 1.9% in August, while the nation's steel sector output declined by a smaller 1.3%. August marked the fourth consecutive month that Midwest steel production has fallen. Regional steel output was 1.1% below its August 1999 level, compared with a 0.1% increase in the nation. The last time year-over-year Midwest steel growth was negative was in May 1999.

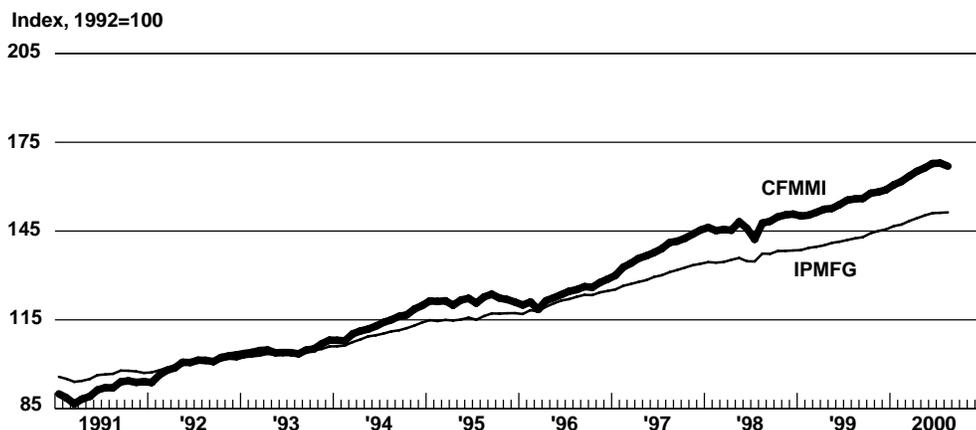
The Midwest resource sector's output decreased 1.1% in August, while the nation's resource sector was unchanged from July. Regional losses in the resource sector were across the board with the exception of petroleum, which rose by 1.8%. Compared with a year ago, Midwest resource output was 1.0% higher in August and national resource output was 1.4% higher.

While Midwest automotive output fell 0.5% in August, the nation's auto output rose by 0.4%. The different performance in the Midwest was due in part to a temporary plant shut-down for retooling by a manufacturer. Midwest automotive output was 2.9% below last year's level while national output was 1.9% lower.

Midwest machinery output growth continued to lag the nation's. Midwest machinery output in August was unchanged from July, while national machinery output rose 1.2%. For the region, August declines in industrial machinery were offset by gains in the electric equipment and instrument segment. Relative to a year ago, the machinery sector continued to outperform other sectors in both the region and the nation, with regional output 20.4% higher and national output up 28.0%.

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

**Chicago Fed Midwest Manufacturing Index**



The next CFMMI will be released:  
**November 9, 2000**  
**Noon Eastern Time**  
**11:00 am Central Time**

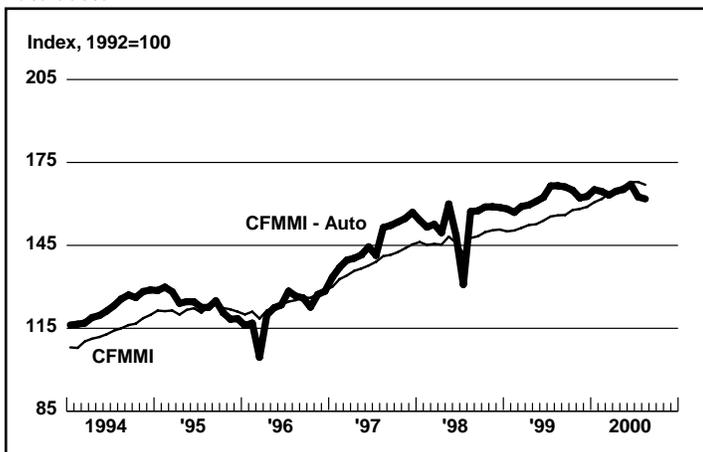
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**Manufacturing output indexes – August 2000**

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	-0.6	0.4	7.1
US Industrial Production-Manufacturing (IPMFG)	0.1	0.7	6.2

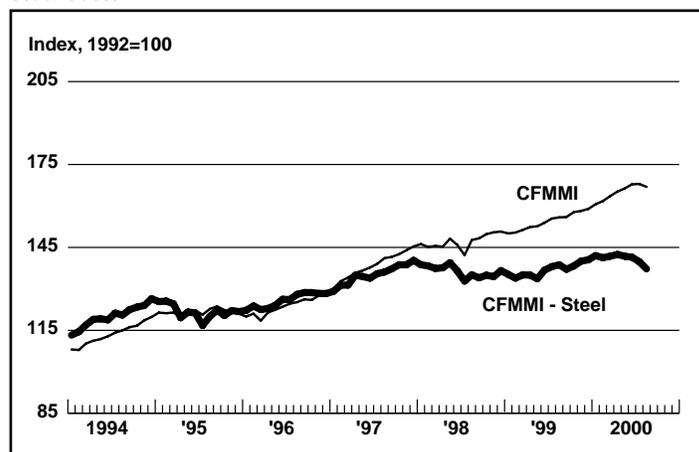
# Tracking Midwest Manufacturing Activity by Sectors — August 2000

## Auto Sector



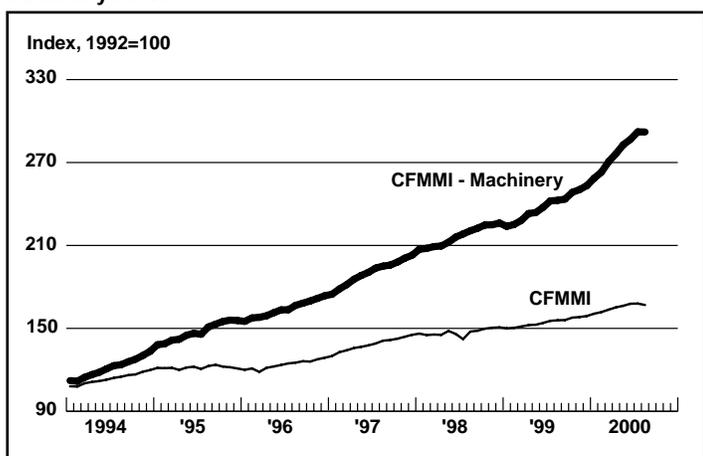
Auto Sector CFMMI Components:  
Rubber and Miscellaneous Plastics Products; Transportation Equipment

## Steel Sector



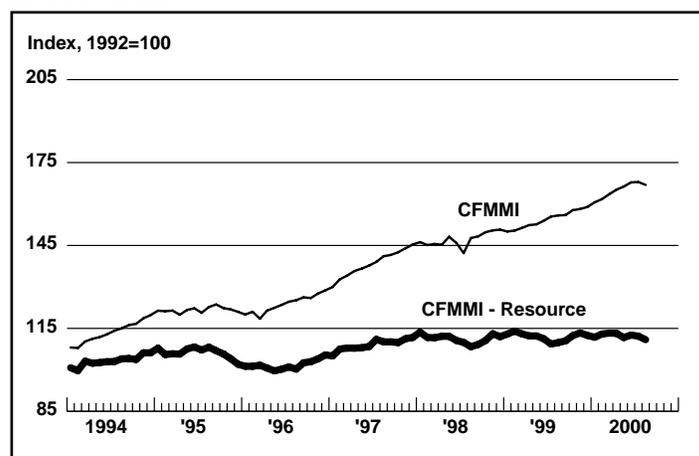
Steel Sector CFMMI Components:  
Primary Metal Industries; Fabricated Metal Products

## 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			
	Jun 00	Jul 00	Aug 00	Monthly			Annual Aug 99–Aug 00
				Jun 00	Jul 00	Aug 00	
CFMMI	167.8	168.0	166.9	0.9	0.1	-0.6	7.1
CFMMI - Auto	167.1	162.5	161.8	1.2	-2.7	-0.5	-2.9
CFMMI - Steel	141.5	139.8	137.2	-0.2	-1.1	-1.9	-1.1
CFMMI - Machinery	286.8	292.2	292.1	1.4	1.9	0.0	20.4
CFMMI - Resource	112.6	112.2	110.9	0.8	-0.4	-1.1	1.0
IPMFG	151.0	151.2	151.3	0.5	0.1	0.1	6.2

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>