

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Growth Remained Strong in June

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The Chicago Fed Midwest Manufacturing Index (CFMMI) rose 0.7% from May to June, reaching a seasonally adjusted level of 166.9 (1992=100). Revised data show the index was at 165.8 in May, and had risen 0.4% from April. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) increased 0.3% in June, after rising 0.4% in May. June output in the region was 8.4% higher than a year earlier, while output in the nation was 6.4% higher.

Output in three of the four CFMMI sub-sectors increased in June. The Midwest auto sector experienced the largest gain, as output rose 1.4% in June, following a revised 0.3% decrease in May. Output in the regional machinery sector rose 1.2% in June, following a 2.0% increase the month before. Midwest resource sector output increased 0.1% in June, compared with a 1.0% decrease in May. The regional steel sector was the only sector to experience a decline, falling 0.5% in June, following a decline of 0.7% the previous month.

The 1.4% gain in Midwest automotive output in June was substantially higher than the 0.4% increase nationally. Regional automotive output was 2.5% above last year's level while national output was 0.2% below its June 1999 level. The recent better performance of domestic passenger car sales relative to light trucks has benefited the Midwest, which has a greater concentration of passenger car production.

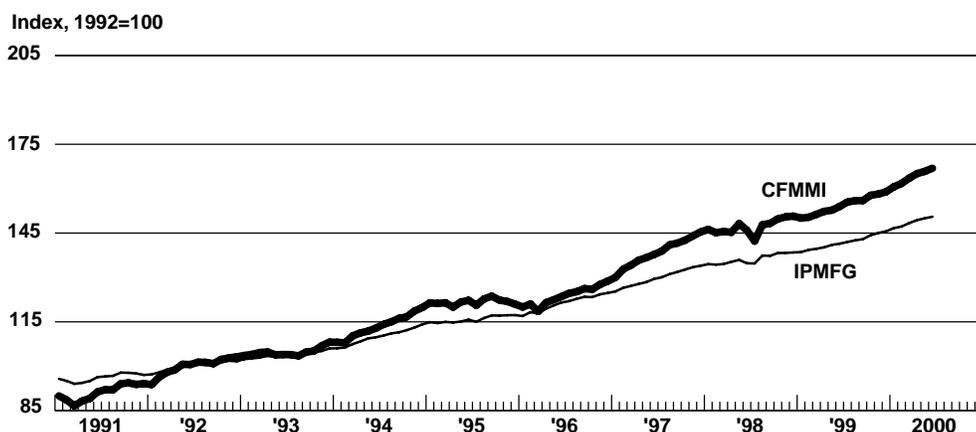
Midwest machinery output growth continued to lag the nation's. Midwest machinery output increased 1.2% from May to June, while national machinery output rose 1.9%. For the region, growth in the electric equipment and instrument segment was stronger than growth in the industrial machinery segment. Relative to a year ago, the machinery sector continued to outperform other sectors in both the region and the nation, with regional output 19.7% higher and national output up 26.1%.

The Midwest resource sector's output increased 0.1% in June, while the nation's resource sector fell by 0.3%. Increases in regional food processing were offset by declines in lumber, paper, stone, clay, glass and concrete products, and chemicals. Compared with a year ago, Midwest resource output was 0.6% higher in June and national resource output was 1.8% higher.

Regional steel output decreased by 0.5% in June, while the nation's steel sector output fell by a more modest 0.2%. Regional primary metals output fell sharply in June, but this was partially offset by a slight gain in fabricated metal product output. Regional steel output was 3.0% above its June 1999 level, the same output growth experienced by the nation.

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

Chicago Fed Midwest Manufacturing Index



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

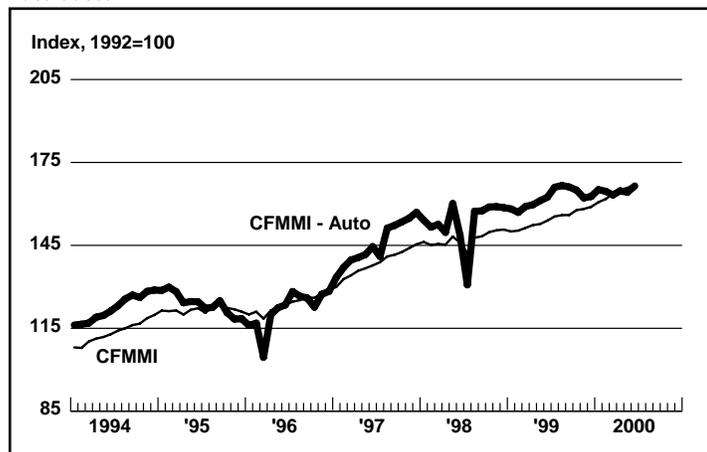
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Manufacturing output indexes – June 2000

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.7	2.0	8.4
US Industrial Production-Manufacturing (IPMFG)	0.3	1.4	6.4

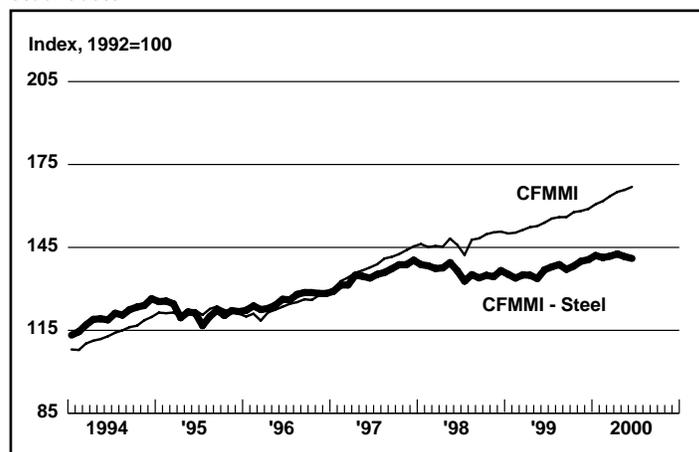
Tracking Midwest Manufacturing Activity by Sectors — June 2000

Auto Sector



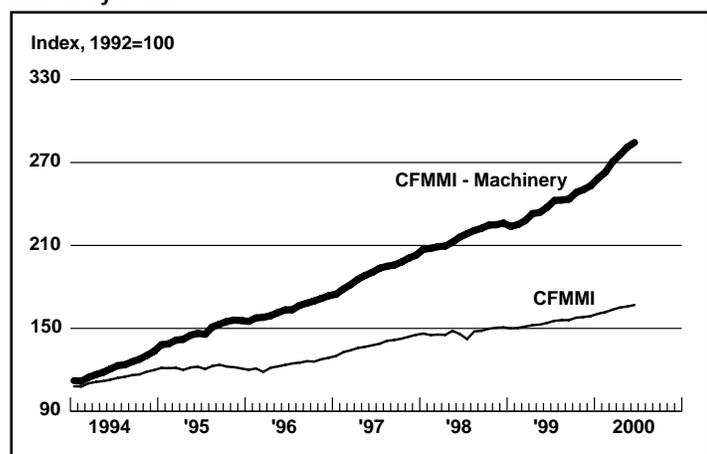
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



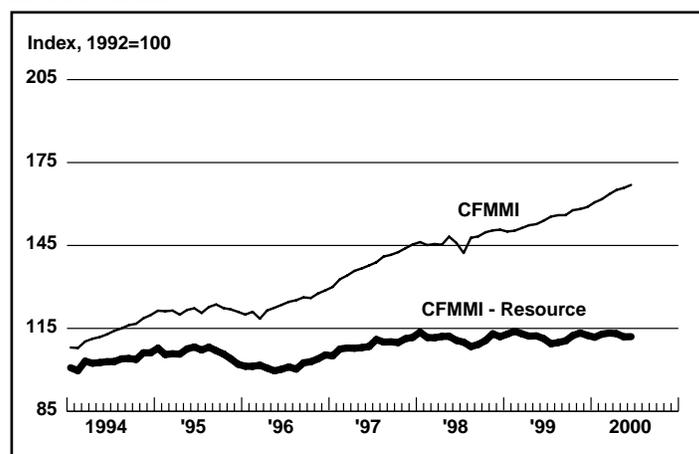
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	Apr 00	May 00	Jun 00	Monthly			Annual Jun 99–Jun 00
				Apr 00	May 00	Jun 00	
CFMMI	165.1	165.8	166.9	0.9	0.4	0.7	8.4
CFMMI - Auto	164.7	164.2	166.5	0.9	-0.3	1.4	2.5
CFMMI - Steel	142.6	141.7	141.0	0.6	-0.7	-0.5	3.0
CFMMI - Machinery	275.6	281.0	284.5	1.9	2.0	1.2	19.7
CFMMI - Resource	113.1	111.9	112.0	-0.2	-1.0	0.1	0.6
IPMFG	149.3	150.0	150.5	0.6	0.4	0.3	6.4

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>