

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Rises in January

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The Chicago Fed Midwest Manufacturing Index (CFMMI) rose 0.4% from December to January, reaching a seasonally adjusted level of 164.8 (1992=100), the first increase in the CFMMI since last September. Revised data show the index was at 164.2 in December, and had fallen 2.8% from November. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) declined 0.1% in January after having fallen 1.0% in December. January output in the region was 1.1% higher than a year earlier, while output in the nation was 2.1% higher.

Output in three of the four CFMMI sub-sectors rose in January; only auto sector output declined. Output in the regional machinery sector increased 1.1% in January, following a 0.8% decline the month before. The Midwest resource sector's output was up 0.5% in January, after falling 3.5% the prior month. Regional steel sector output rose 0.4% in January, following an extremely sharp 4.6% drop the previous month. Midwest auto sector output fell 2.5% in January, compared with a severe 7.1% decrease in December.

Midwest machinery output rose 1.1% in January, matching the nation's performance. Relative to a year ago, the machinery sector continued to outperform other sectors in both the region and the nation, with regional output 12.3% higher and national output up 25.4%.

The Midwest resource sector's output increased 0.5% in January, while output in the nation's resource sector was unchanged. The strength in the region was concentrated in the paper and petroleum industries. Compared with a year ago, Midwest resource output was 4.4% lower in January and national output was down 1.9%.

Regional steel output increased by 0.4% in January, while steel sector output fell 0.2% nationally. The increase in Midwest steel output was the first since April of last year. Most of the increase was concentrated in the fabricated metals industry. Regional steel output was 9.1% below its January 2000 level, compared with a 5.2% decrease in the nation.

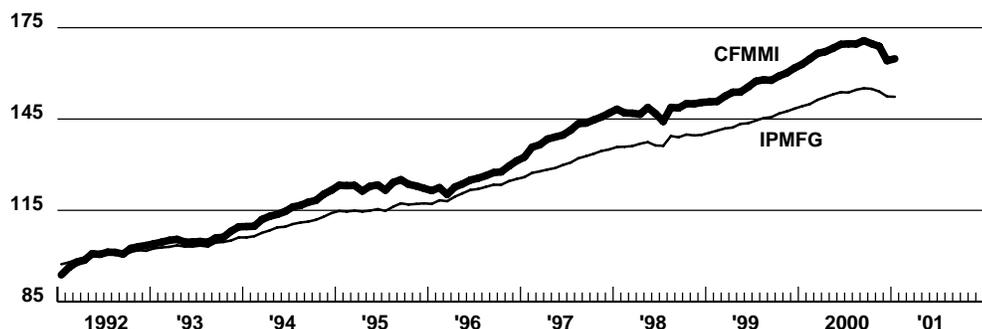
Midwest automotive output fell 2.5% in January while the nation's auto output declined 2.3%. This was the sixth decline in seven months for the regional auto sector. Production continues to be cut in this sector in response to a higher than desired inventory level for vehicles. Midwest automotive output was 14.4% below last year's level while national output was 8.6% lower.

With today's release, the historical CFMMI data have been revised. This periodic benchmark revision incorporates recently released 1998 value-added data from the Bureau of the Census and revised price deflators from the Bureau of Economic Analysis. The revision revealed that Midwest manufacturing output growth over the last half decade was slightly slower than previously estimated. Growth in all four sectors was revised downward, but the biggest downward revision was to the auto sector.

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

Chicago Fed Midwest Manufacturing Index

Index, 1992=100
205



**The next CFMMI will be released:
April 11, 2001
Noon Eastern Time
11:00 am Central Time**

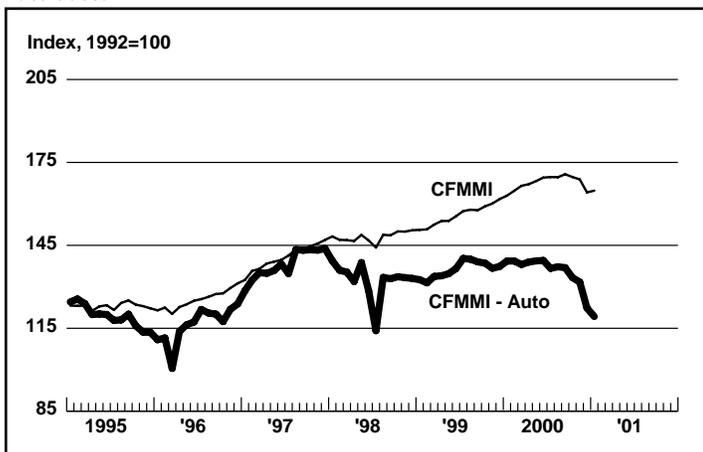
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Manufacturing output indexes – January 2001

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.4	-2.9	1.1
US Industrial Production-Manufacturing (IPMFG)	-0.1	-1.7	2.1

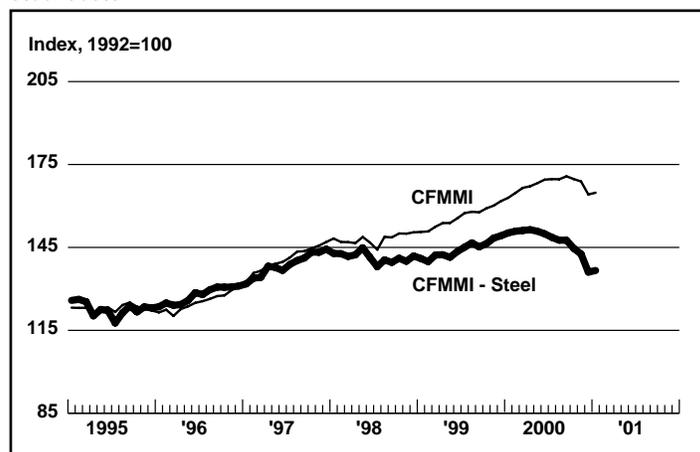
Tracking Midwest Manufacturing Activity by Sectors — January 2001

Auto Sector



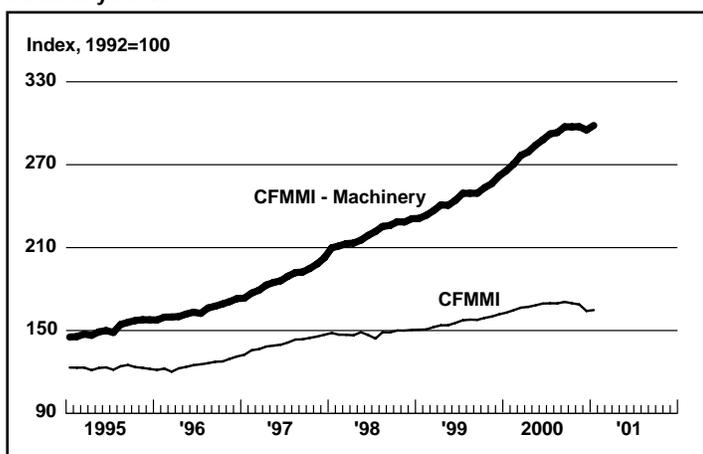
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



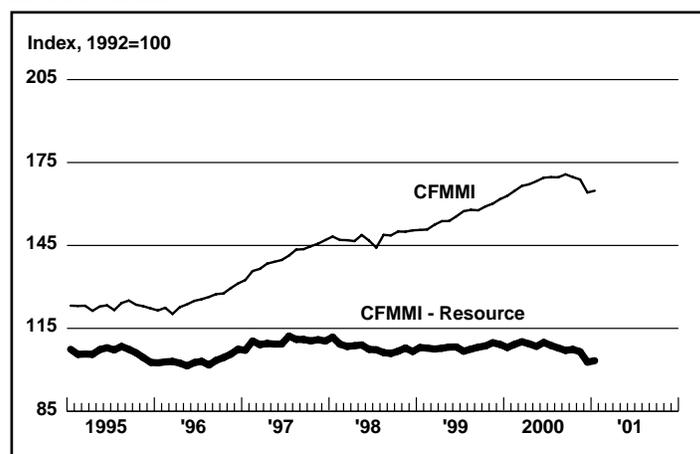
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	Nov 00	Dec 00	Jan 01	Monthly			Annual Jan 00–Jan 01
				Nov 00	Dec 00	Jan 01	
CFMMI	168.9	164.2	164.8	-0.5	-2.8	0.4	1.1
CFMMI - Auto	131.7	122.3	119.2	-1.2	-7.1	-2.5	-14.4
CFMMI - Steel	142.6	136.1	136.7	-1.4	-4.6	0.4	-9.1
CFMMI - Machinery	297.5	295.1	298.4	0.0	-0.8	1.1	12.3
CFMMI - Resource	106.5	102.8	103.3	-0.8	-3.5	0.5	-4.4
IPMFG	154.0	152.4	152.3	-0.6	-1.0	-0.1	2.1

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.chicagofed.org>