

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Rises in March

The Chicago Fed Midwest Manufacturing Index (CFMMI) rose 0.8% in March 2007, to a seasonally adjusted level of 104.3 (2002 = 100). Revised data show the index increased 0.7% in February, to 103.5. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) was up 0.7% in March. Regional output in March was 0.5% higher than a year earlier, below the 2.7% increase in national output.

All four of the regional industry sectors increased in March:

- Regional resource sector output was up 1.0%;
- Regional steel sector output increased 0.8%;
- Regional auto sector output rose 0.7%; and
- Regional machinery sector edged up 0.5%.

The Midwest resource sector's output was up 1.0% in March after increasing 0.6% in February. Two of the five subsectors of the resource sector—paper and wood production—decreased in March, while the other three—food, chemicals production, and nonmetallic minerals production—increased. The nation's resource sector's output was up 0.9% in March. Compared with a year ago, regional resource output was 2.0% higher in March, while the national resource output was up 0.8%.

The region's steel sector output increased 0.8% in March after rising 0.9% in February. The nation's steel output was up 0.6% in March. Regional steel output was 0.8% above its March 2006 level, higher than the 0.4% increase in the national steel output.

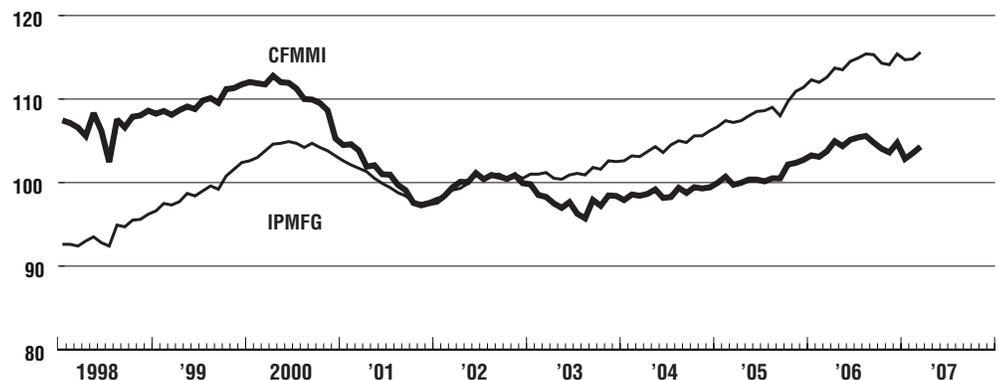
The Midwest's auto sector production rose 0.7% in March after increasing 1.9% in February. The nation's auto output was up 0.3% in March. Compared with a year earlier, the Midwest's automotive output was down 1.9%, while the nation's auto output was up 1.1%.

The Midwest's machinery sector output edged up 0.5% in March after falling 0.3% in February. The nation's machinery output rose 1.5% in March. Regional machinery output in March was 1.7% above year-earlier levels, while national machinery output was up 10.8%.

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

Chicago Fed Midwest Manufacturing Index

Index, 2002=100



The next CFMMI will be released:
May 29, 2007
 Noon Eastern Time
 11:00 am Central Time

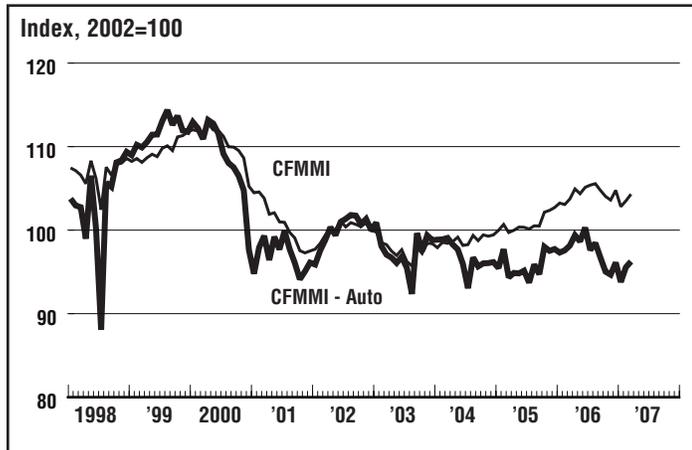
Manufacturing output indexes—March

| | percent change from | | |
|---|---------------------|--------------|------------|
| | 1 month ago | 3 months ago | 1 year ago |
| Chicago Fed Midwest Manufacturing Index (CFMMI) | 0.8 | -0.4 | 0.5 |
| US Industrial Production-Manufacturing (IPMFG) | 0.7 | 0.2 | 2.7 |

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 OF CHICAGO

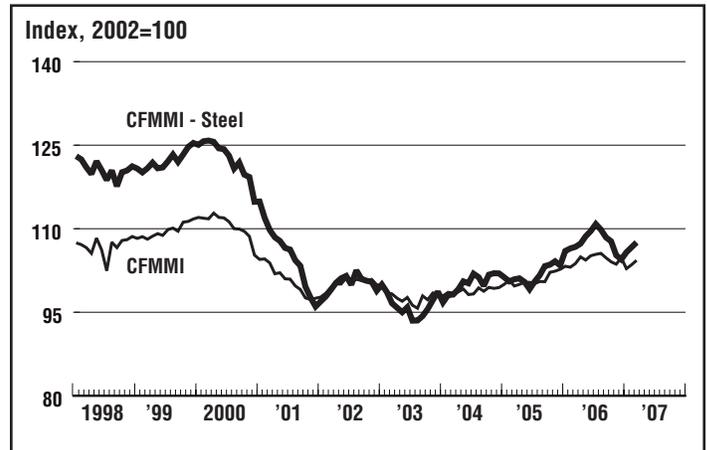
Tracking Midwest Manufacturing Activity by Sectors — March 2007

Auto Sector



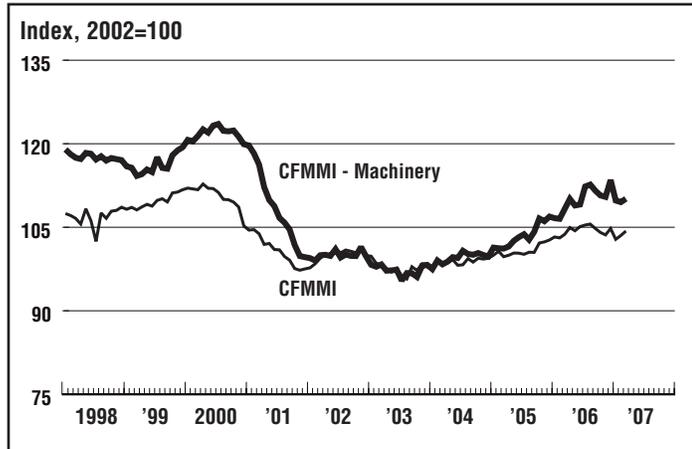
Auto Sector CFMMI Components:
Plastics and Rubber Products; Transportation Equipment

Steel Sector



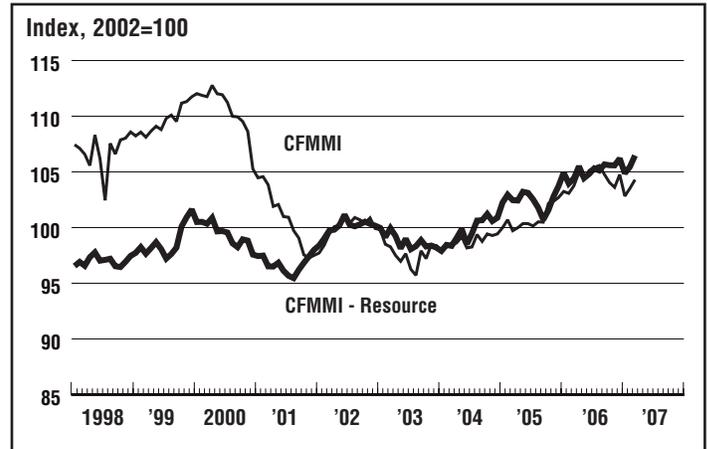
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

Machinery Sector



Machinery Sector CFMMI Components:
Machinery; Computer and Electronic Products; Electrical Equipment, Appliance, and Components Manufacturing

Resource Sector



Resource Sector CFMMI Components:
Food; Wood Products; Paper; Chemicals; Nonmetallic Mineral Products

Manufacturing Activity: Summary Table

| | Index, 2002=100 | | | Percent change | | | |
|--------------------------|-----------------|--------|--------|----------------|--------|--------|-------------------------|
| | Jan 07 | Feb 07 | Mar 07 | Monthly | | | Annual Mar 06-Mar 07 |
| | | | | Jan 07 | Feb 07 | Mar 07 | |
| CFMMI | 102.8 | 103.5 | 104.3 | -1.8 | 0.7 | 0.8 | 0.5 |
| CFMMI - Auto | 93.8 | 95.6 | 96.3 | -2.4 | 1.9 | 0.7 | -1.9 |
| CFMMI - Steel | 105.8 | 106.7 | 107.5 | 1.2 | 0.9 | 0.8 | 0.8 |
| CFMMI - Machinery | 109.8 | 109.5 | 110.1 | -3.2 | -0.3 | 0.5 | 1.7 |
| CFMMI - Resource | 104.9 | 105.5 | 106.5 | -1.2 | 0.6 | 1.0 | 2.0 |
| IPMFG | 114.7 | 114.8 | 115.6 | -0.6 | 0.1 | 0.7 | 2.7 |

Note: One of the fifteen industries in the CFMMI is not included in any of the four sectors above. This industry is Miscellaneous Manufacturing.

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 15 manufacturing industries (identified by 3-digit NAICS codes) that uses 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 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>.