

Midwest Manufacturing Index Unchanged in March

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The Chicago Fed Midwest Manufacturing Index (CFMMI) was unchanged in March from its revised February level of 125.6 (1992=100). By comparison, the Federal Reserve Board's industrial production index for manufacturing (IP-MFG) fell 0.2% in March from February. Output in the region was 3.6% above a year ago in March while the nation was up 4.4%.

Two sectors in the region expanded in March, while the other two regional sectors declined. The regional auto sector experienced the largest increase, rising 0.9% in March following February's 2.9% decrease. Midwest machinery sector output expanded by 0.4% in March after a 1.1% decrease in February. The resource sector declined by 0.3% in March after having declined by 0.9% in February. Midwest steel sector output contracted 0.7% in March after a 1.9% decrease in February.

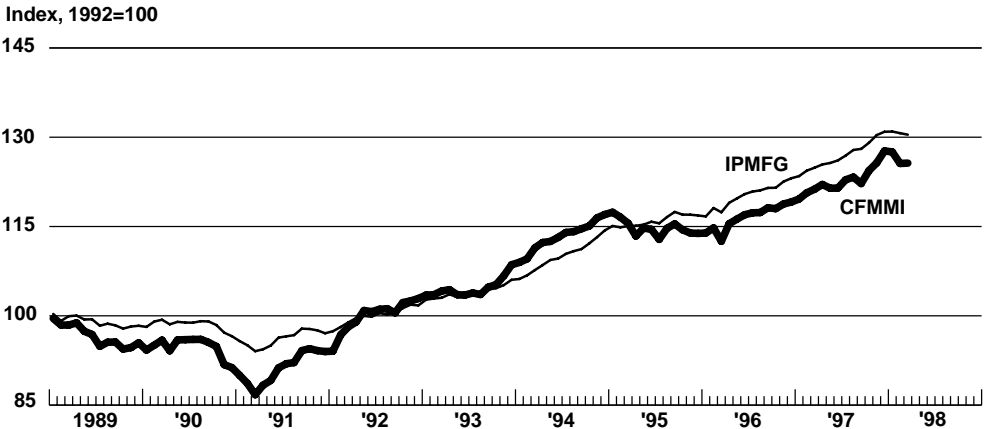
In March, Midwest auto output was 3.1% above a year ago, compared with a stronger national increase of 5.1%. The Midwest's specialization in the production of passenger cars rather than light trucks has hampered regional growth in this sector. Car sales in the first quarter of this year were 7.6% below a year earlier, while light truck sales were 2.8% higher. Thus, the Midwest's specialization in the less popular product has contributed to the regional auto sector's continued underperformance relative to the nation.

Of the four sectors, machinery output continued to show the strongest growth relative to a year ago in both the region and the nation. In March, regional machinery output stood 7.3% above its March 1997 level, down slightly from the 7.6% gain recorded the prior month. The nation's growth rate moderated to a still very strong 11.4% in March from 12.3% in February. Analyzing growth in the regional machinery sector from the previous month shows that most of the growth in March was attributable to a gain of 0.9% in the industrial and commercial machinery and computer equipment sector.

The March decline in the region's resource sector output reflected continued weakness in food processing and in stone, clay, glass and concrete products. These were the same two industries that experienced the weakest growth the prior month. Compared with a year ago, the Midwest resource sector output was up 1.8% while the nation expanded at a stronger 2.5%.

The weakest industrial sector in the Midwest in March was the steel sector. In March the Midwest steel sector output declined by 0.7% from February but was 2.8% higher than a year earlier. The nation's steel sector was slightly weaker than the region with output in March down by 0.8% from February while 2.4% higher than March 1997. This was the third consecutive month of declines in the steel sector for both the Midwest and the nation. Most of the decline in the regional steel sector occurred in the primary metals industry which fell 1.8% in March from February.

Chicago Fed Midwest Manufacturing Index



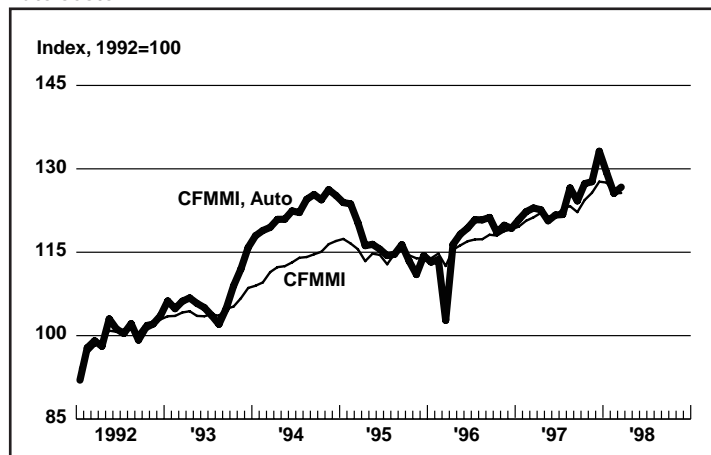
**The next CFMMI will be released:
Thursday, June 11, 1998
Noon Eastern Time
11:00 am Central Time**

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Manufacturing output indexes – March 1998	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.0	-1.6	3.6
US Industrial Production-Manufacturing (IPMFG)	-0.2	-0.4	4.4

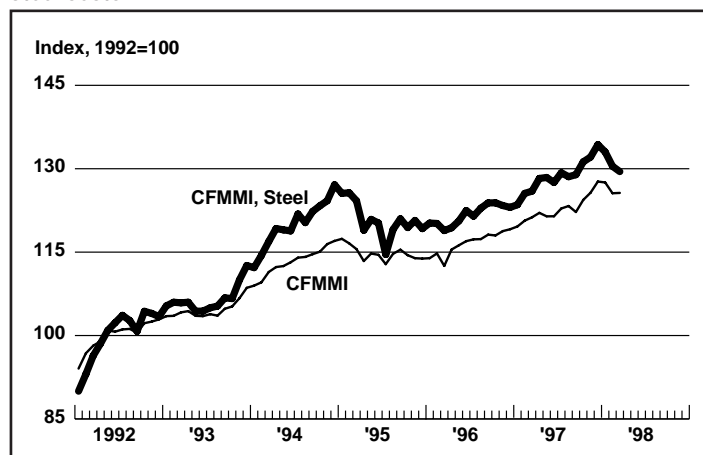
Tracking Midwest Manufacturing Activity by Sectors — March 1998

Auto Sector



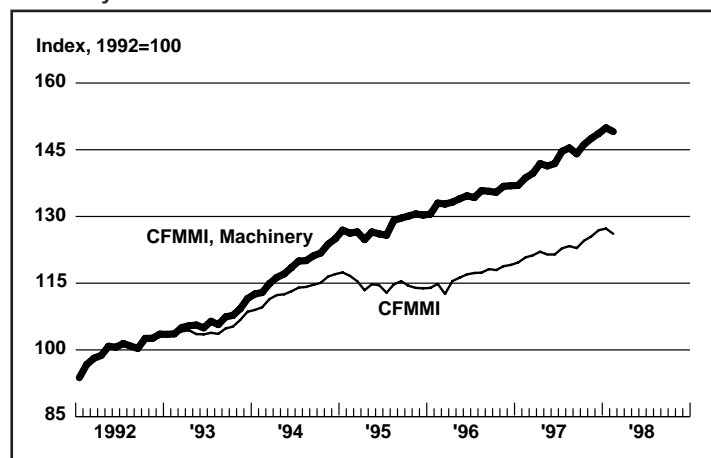
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



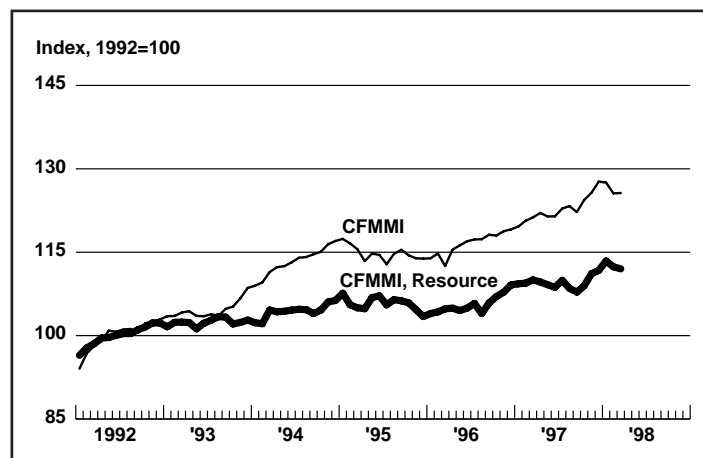
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	Jan 98	Feb 98	Mar 98	Monthly			Annual Mar 97-Mar 98
				Jan 98	Feb 98	Mar 98	
CFMMI	127.5	125.6	125.6	-0.1	-1.5	0.0	3.6
CFMMI - Auto	129.3	125.6	126.7	-2.9	-2.9	0.9	3.1
CFMMI - Steel	133.0	130.4	129.5	-1.0	-1.9	-0.7	2.8
CFMMI - Machinery	150.9	149.2	149.8	0.9	-1.1	0.4	7.3
CFMMI - Resource	113.4	112.4	112.0	1.5	-0.9	-0.3	1.8
IPMFG	131.0	130.7	130.4	0.0	-0.2	-0.2	4.4

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>