

# Chicago Fed Midwest Manufacturing Index

## Midwest Manufacturing Output Increases in December

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The Chicago Fed Midwest Manufacturing Index (CFMMI) rose 0.5% from November to December, reaching a seasonally adjusted level of 137.5 (1992=100). Revised data show the index was at 136.8 in November, and had risen 0.4% from October. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) increased 0.2% in December, after rising 0.6% in November. December output in the region was 4.7% higher than a year earlier, while output in the nation was 5.1% higher.

Output in three of the four CFMMI sub-sectors increased in December while output in the fourth sub-sector was unchanged from the prior month. The regional automotive sector had the strongest output gain in December, up 1.3%, following a decrease of 1.2% in each of the prior two months. Midwest machinery sector output rose 0.6% in December, compared with a 0.4% increase in November. Output in the steel sector rose 0.1%, following a 1.4% increase the month before. Resource sector output was unchanged in December, following a revised 1.2% increase in November.

Auto output rose sharply in December following two months of declining production. The 1.3% gain in Midwest automotive output in December was in sharp contrast with a 1.3% decline nationally. Regional automotive output was 3.4% above last year's level while national output was 1.6% below its December 1998 level. The relatively better performance of domestic passenger car sales compared with the past few years has benefited the Midwest, which has a greater concentration of passenger car production.

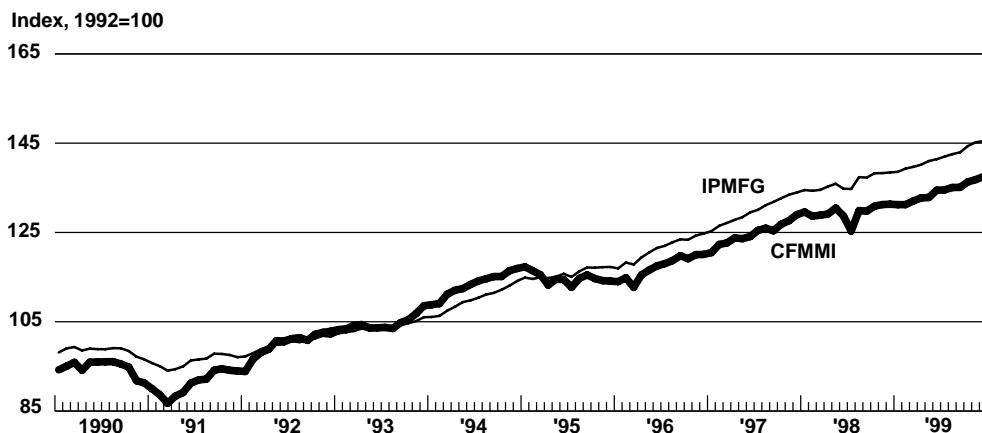
Midwest machinery output growth continued to lag behind the nation's. Midwest machinery output increased 0.6% from November to December, while national machinery output rose 1.2%. Growth in the industrial machinery segment was weaker than growth in the electric equipment and instrument segment for both the region and nation. Relative to a year ago, the machinery sector continued to outperform other sectors in the region and the nation, with regional output 9.1% above last year's level and national output up 17.5% from a year earlier.

Regional steel output increased 0.1% in December, equal to the increase in national steel output. This was the second consecutive month that regional output growth matched the nation's gain. An increase in primary metal industry output for the region offset a slight decline in the fabricated metals sector. Regional steel output was 2.7% above its December 1998 level and national steel output was 3.0% greater than last year.

The Midwest resource sector's output was unchanged from November, while the nation's resource sector expanded by 0.2% in December. Growth in petroleum and paper output led the increase in regional resource output. Compared with a year ago, Midwest resource output was 2.7% higher in December and national resource output was 2.5% higher.

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

### Chicago Fed Midwest Manufacturing Index



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

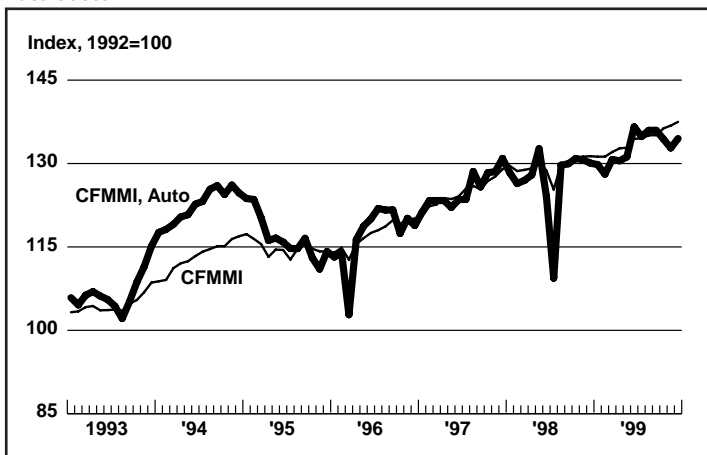
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### Manufacturing output indexes – December 1999

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.5	1.8	4.7
US Industrial Production-Manufacturing (IPMFG)	0.2	1.8	5.1

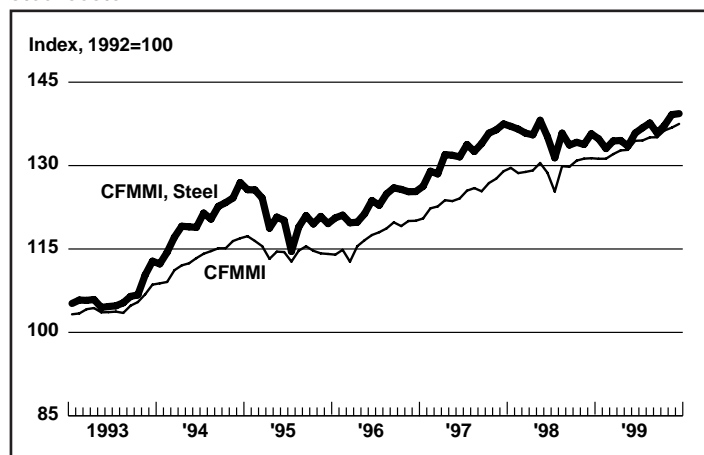
# Tracking Midwest Manufacturing Activity by Sectors — December 1999

## Auto Sector



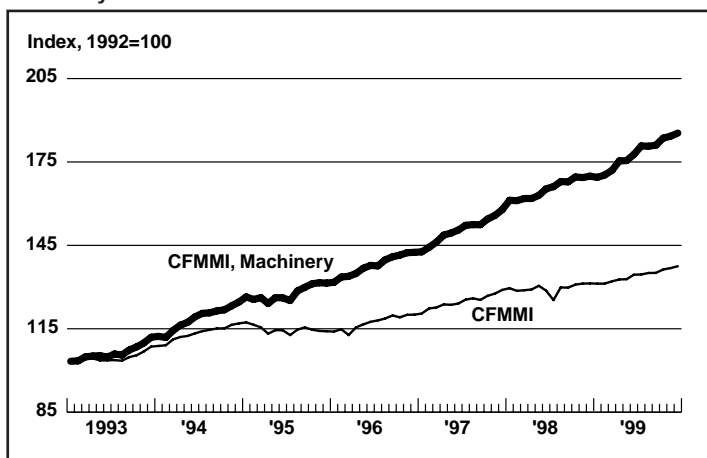
Auto Sector CFMMI Components:  
Rubber and Miscellaneous Plastics Products; Transportation Equipment

## Steel Sector



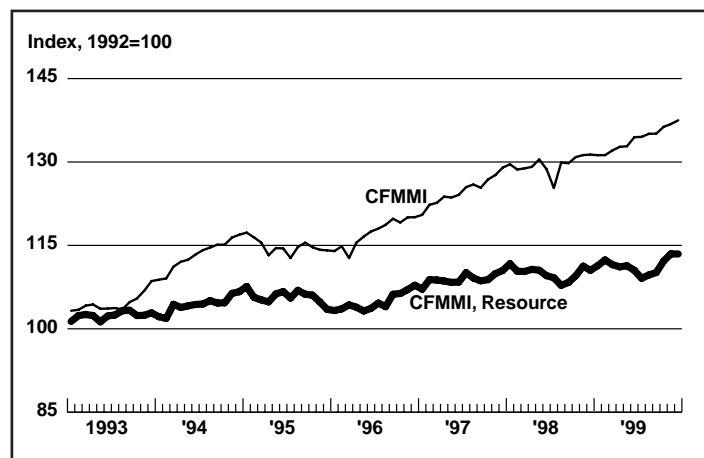
Steel Sector CFMMI Components:  
Primary Metal Industries; Fabricated Metal Products

## 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			
	Oct 99	Nov 99	Dec 99	Monthly			Annual Dec 98–Dec 99
				Oct 99	Nov 99	Dec 99	
CFMMI	136.3	136.8	137.5	0.9	0.4	0.5	4.7
CFMMI - Auto	134.4	132.8	134.5	-1.2	-1.2	1.3	3.4
CFMMI - Steel	137.2	139.2	139.3	1.0	1.4	0.1	2.7
CFMMI - Machinery	183.6	184.3	185.4	1.4	0.4	0.6	9.1
CFMMI - Resource	112.2	113.5	113.5	1.9	1.2	0.0	2.7
IPMFG	144.3	145.2	145.5	1.0	0.6	0.2	5.1

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.frbchi.org>