

## Chicago Fed Midwest Manufacturing Index

### Midwest Manufacturing Output Falls Sharply in October

Embargoed for release:  
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 11:00 am Central Time  
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**2002 Release Dates:**

- January 10
- February 11
- March 11
- April 11
- May 9
- June 11
- July 11
- August 12
- September 11
- October 10
- November 12
- December 11

The Chicago Fed Midwest Manufacturing Index (CFMMI) fell 2.6% from September to October, reaching a seasonally adjusted level of 144.6 (1992=100). Revised data show the index was at 148.5 in September and declined 1.5% from August. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) fell by 1.3% in October after decreasing 1.0% in September. October output in the region was 14.0% lower than a year earlier, while output in the nation was down 7.2%. The Midwest loss of manufacturing output from the prior year was the largest since July 1980. Manufacturing output in the region peaked in June 2000 and has declined by 15.7% since then. Factory output in the nation peaked a few months later in September 2000 and has since fallen 7.6%.

Output in all four CFMMI sub-sectors fell in October. Output in the regional steel sector posted the largest decrease, falling 4.5% in October following a 1.4% loss the month before. Midwest auto sector output fell 3.8% after declining 3.0% in September. The Midwest machinery sector's output fell 2.2% after decreasing 1.9% in September. The regional resource sector output declined 1.6% in October following a 0.4% increase the previous month.

Regional steel output decreased by an exceptionally large 4.5% in October and national steel output was down 2.7%. The declines in both the region and nation were mostly concentrated in the primary metal industries. Regional steel output was 13.9% below its October 2000 level, compared with a 9.7% decrease in the nation.

Midwest automotive output fell a sizable 3.8% in October while the nation's auto output declined by a smaller 2.8%. The decrease in regional output was primarily concentrated in the transportation equipment sector. Midwest automotive output was 14.0% below last year's level compared to a 7.2% decline in national output. The Midwest's concentration in passenger car production, where sales have not been as strong as light trucks, accounts for the greater production loss in the region.

Midwest machinery output fell 2.2% in October, while the nation's output decreased 1.2%. Regional machinery output in October was down 17.4% from a year earlier and national machinery output fell 14.1%.

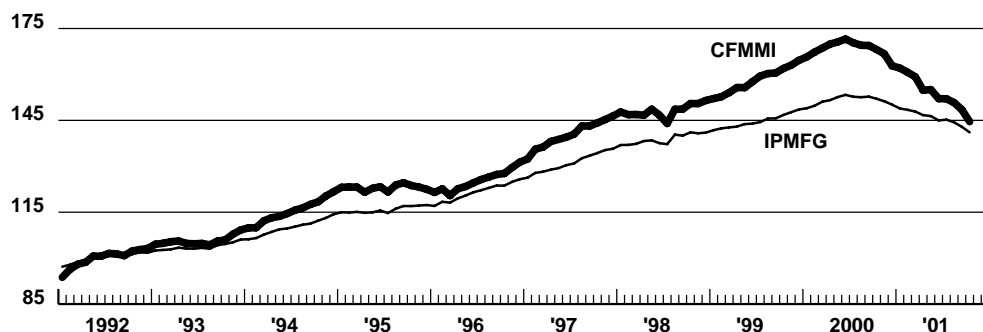
The Midwest resource sector's output decreased 1.6% in October, while output in the nation's resource sector fell 0.3%. The regional paper industry reported the largest decline. Compared with a year ago, Midwest resource output was 5.6% lower in October and national output was down 2.4%.

With today's release, the historical CFMMI data have been revised. This periodic benchmark revision incorporates recently released 1999 value-added data from the Bureau of the Census, revised price deflators from the Bureau of Economic Analysis, and new data from the annual revision of the Industrial Production series. The revision to the CFMMI revealed that growth over the last six years in the auto, steel, and resource sectors was stronger than previously estimated, while growth in the machinery sector was noticeably weaker. However, overall Midwest manufacturing output growth was the same as previously estimated.

— 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:  
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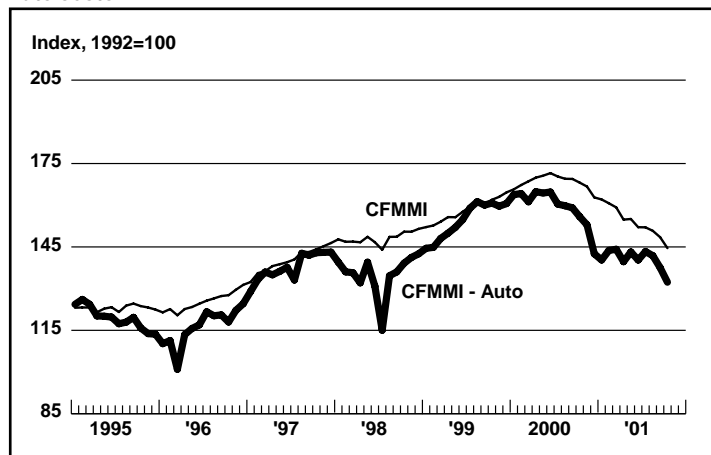
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 OF CHICAGO

#### Manufacturing output indexes – October 2001

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	-2.6	-4.9	-14.0
US Industrial Production-Manufacturing (IPMFG)	-1.3	-2.9	-7.2

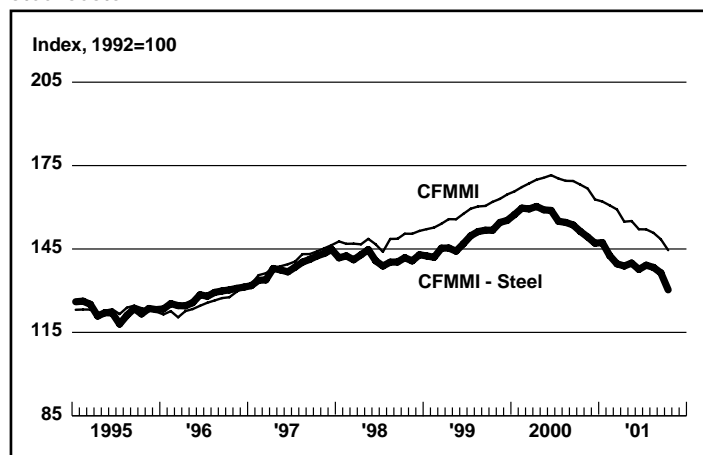
# Tracking Midwest Manufacturing Activity by Sectors — October 2001

## Auto Sector



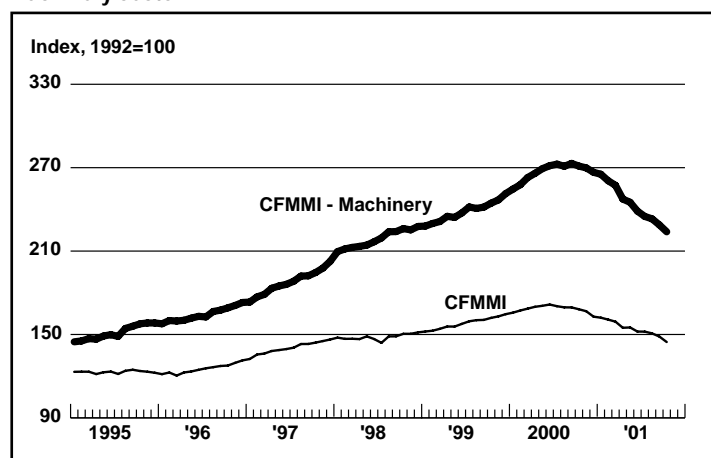
Auto Sector CFMMI Components:  
Rubber and Miscellaneous Plastics Products; Transportation Equipment

## Steel Sector



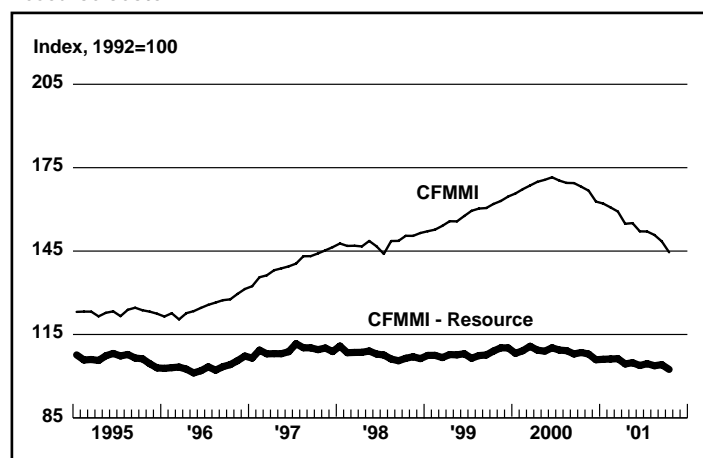
Steel Sector CFMMI Components:  
Primary Metal Industries; Fabricated Metal Products

## 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			
	Aug 01	Sep 01	Oct 01	Monthly			Annual Oct 00–Oct 01
				Aug 01	Sep 01	Oct 01	
CFMMI	150.8	148.5	144.6	-0.8	-1.5	-2.6	-14.0
CFMMI - Auto	141.8	137.5	132.3	-1.0	-3.0	-3.8	-15.1
CFMMI - Steel	138.4	136.4	130.3	-0.6	-1.4	-4.5	-13.9
CFMMI - Machinery	233.2	228.8	223.9	-0.7	-1.9	-2.2	-17.4
CFMMI - Resource	103.8	104.1	102.4	-0.7	0.4	-1.6	-5.6
IPMFG	144.4	142.9	141.1	-0.6	-1.0	-1.3	-7.2

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>