

# Chicago Fed Midwest Manufacturing Index

## Midwest Manufacturing Output Posts Sharp Drop in September

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The Chicago Fed Midwest Manufacturing Index (CFMMI) fell 1.9% from August to September, reaching a seasonally adjusted level of 148.6 (1992=100). Revised data show the index was at 151.5 in August and declined 1.3% from July. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) fell by 1.1% in September after decreasing 0.9% in August. September output in the region was 12.9% lower than a year earlier, while output in the nation was down 6.7%. The loss of manufacturing output in the Midwest from the prior year was the largest since July 1980.

Output in three of the four CFMMI sub-sectors fell in September. Midwest auto sector output posted the largest decrease, dropping 3.5% in September after declining 1.6% the prior month. Output in the regional steel sector fell 3.2%, following a 1.1% loss the month before. The Midwest machinery sector's output fell 1.9% after decreasing 1.2% in August. The regional resource sector output was the only sector to post an increase, rising 0.2% in September after output declined 1.2% the previous month.

Midwest automotive output fell a sizable 3.5% in September while the nation's auto output decreased by a smaller 1.8%. Auto production was greatly affected by the September 11 attack. Disruption in the supply of parts to factories caused the shutdown of several auto plants. The Midwest's greater specialization in passenger car production, where sales are not as strong as light trucks, appears to be hurting production in the region.

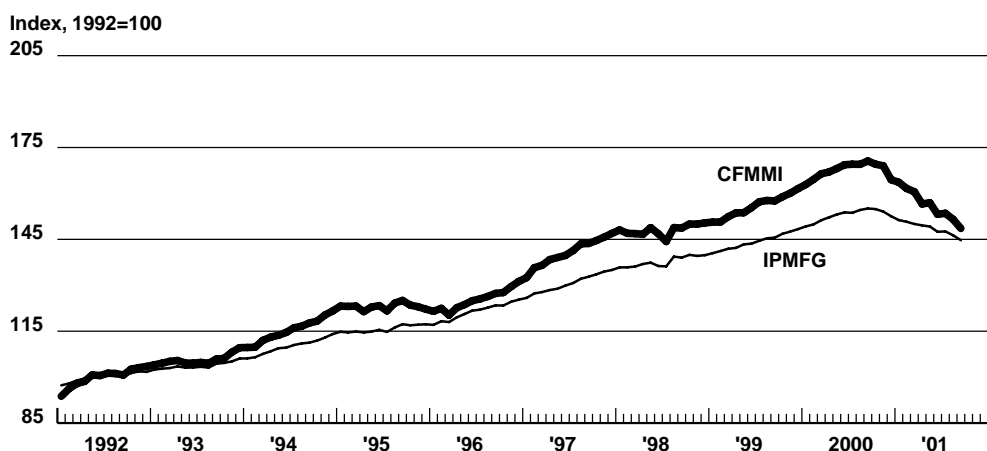
Regional steel output decreased by 3.2% in September and national steel output was down 2.1%. Regional steel output was 14.2% below its September 2000 level, compared with a 9.8% decrease in the nation.

Midwest machinery output fell 1.9% in September, while the nation's output decreased 2.0%. Regional machinery output in September was down 14.5% from a year earlier, while national machinery output dropped 10.3%.

The Midwest resource sector's output increased 0.2% in September, while output in the nation's resource sector rose 0.1%. Production in the regional chemical industry was strong, while the stone, clay, glass and concrete industry reported a large decline. Compared with a year ago, Midwest resource output was 7.0% lower in September and national output was down 3.4%.

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

**Chicago Fed Midwest Manufacturing Index**



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

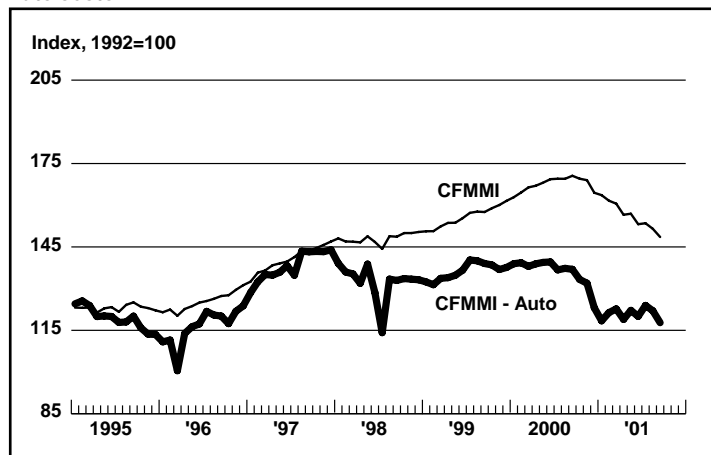
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**Manufacturing output indexes – September 2001**

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	-1.9	-3.0	-12.9
US Industrial Production-Manufacturing (IPMFG)	-1.1	-1.9	-6.7

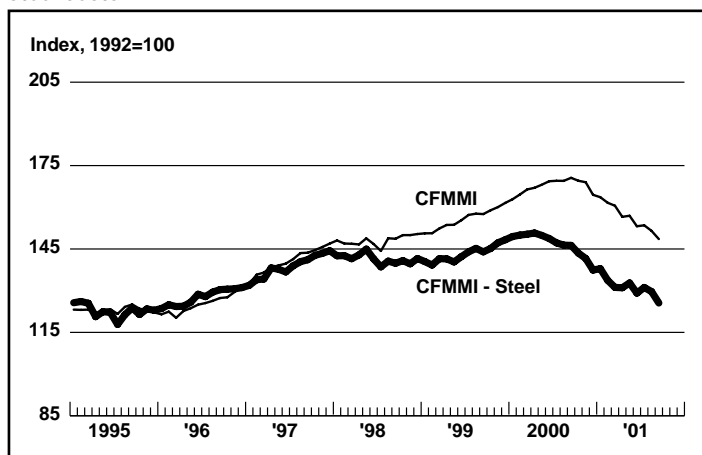
# Tracking Midwest Manufacturing Activity by Sectors — September 2001

## Auto Sector



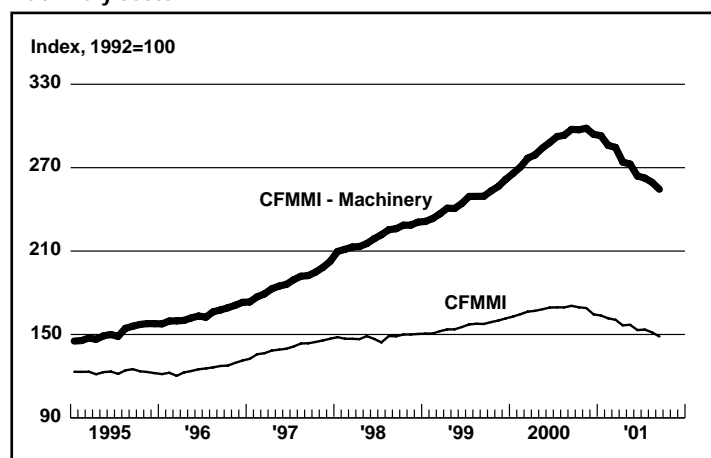
Auto Sector CFMMI Components:  
Rubber and Miscellaneous Plastics Products; Transportation Equipment

## Steel Sector



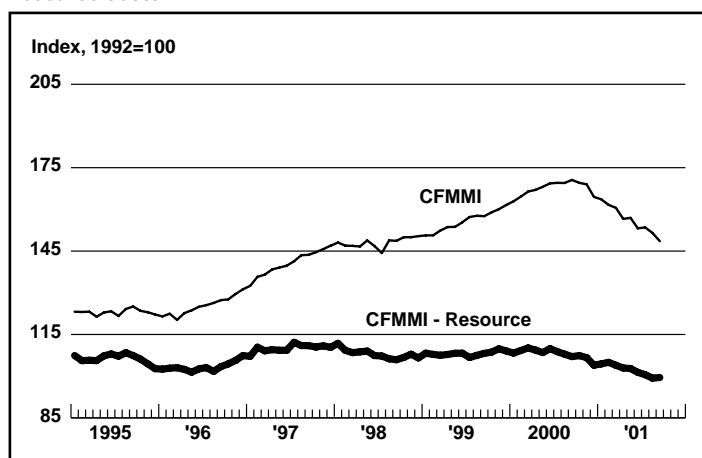
Steel Sector CFMMI Components:  
Primary Metal Industries; Fabricated Metal Products

## 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			
	Jul 01	Aug 01	Sep 01	Monthly			Annual Sep 00-Sep 01
				Jul 01	Aug 01	Sep 01	
CFMMI	153.5	151.5	148.6	0.2	-1.3	-1.9	-12.9
CFMMI - Auto	124.0	122.0	117.7	3.3	-1.6	-3.5	-14.0
CFMMI - Steel	131.2	129.7	125.6	1.6	-1.1	-3.2	-14.2
CFMMI - Machinery	262.5	259.5	254.4	-0.5	-1.2	-1.9	-14.5
CFMMI - Resource	100.5	99.3	99.5	-0.8	-1.2	0.2	-7.0
IPMFG	147.6	146.3	144.7	0.1	-0.9	-1.1	-6.7

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>