

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Falls in August

**Embargoed for release:
Noon Eastern Time
11:00 am Central Time
October 10, 2002**

**Contact: James Pieper
312-322-2387**

**Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, IL 60604**

The Chicago Fed Midwest Manufacturing Index (CFMMI) fell 0.8% in August to a seasonally adjusted level of 150.2 (1992=100). Revised data show the index was at 151.4 in July, a decrease of 0.1% from June. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) was down 0.1% in August after rising 0.3% in July. August output in the region was 0.2% higher than a year earlier, while output in the nation was 0.6% higher.

Output in three of the four CFMMI sub-sectors fell in August. Midwest auto sector output posted the largest decline, dropping 3.3% in August after rising a strong 2.2% in the month prior. The steel sector's output fell 0.9% after edging down 0.1% in July. Regional resource sector output decreased 0.2% in August after falling 0.3% the previous month. Output in the Midwest machinery sector was unchanged in August after declining 0.9% the month before.

Midwest automotive output fell by a very large 3.3% in August, while the nation's auto output was down 0.8%. Compared with a year earlier, Midwest automotive output was 4.4% higher while national output was up 1.9%.

Reflecting the softening in the auto sector's performance, the regional steel sector's output decreased 0.9% in August compared with a 0.3% gain for the nation. Regional steel output was 0.5% below its August 2001 level, compared with a 0.3% increase in the nation.

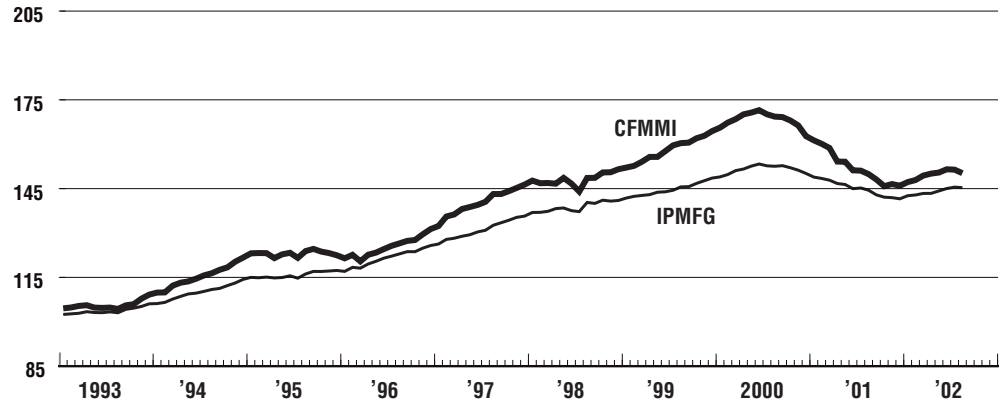
The Midwest resource sector's output decreased 0.2% in August, the same decline experienced by the nation's resource sector. Output gains in the regional food, lumber, and construction materials industries were offset by losses in the paper, chemical, and petroleum industries. Compared with a year ago, regional resource output was 0.7% lower in August, compared with a 1.0% gain for the nation.

Midwest machinery output was unchanged in August while the nation's output increased 0.7%. Regional machinery output in August was down 0.2% from a year earlier while national machinery output was up 4.8%.

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

Chicago Fed Midwest Manufacturing Index

Index, 1992=100



**The next CFMMI will be released:
November 12, 2002
Noon Eastern Time
11:00 am Central Time**

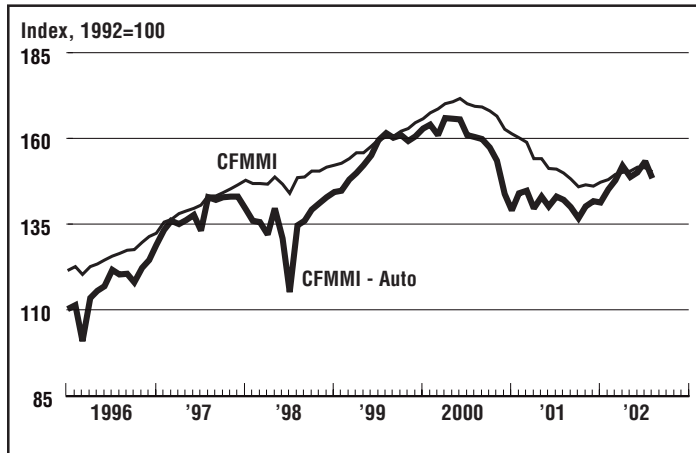
FEDERAL RESERVE BANK
OF CHICAGO

Manufacturing output indexes—August 2002

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	-0.8	-0.1	0.2
US Industrial Production-Manufacturing (IPMFG)	-0.1	0.8	0.6

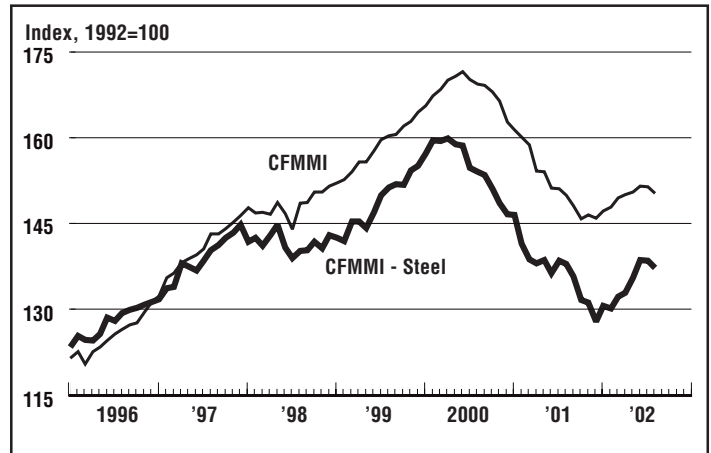
Tracking Midwest Manufacturing Activity by Sectors — August 2002

Auto Sector



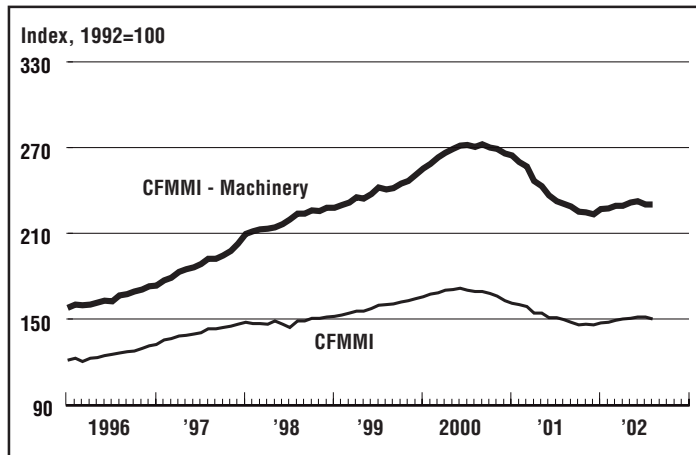
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



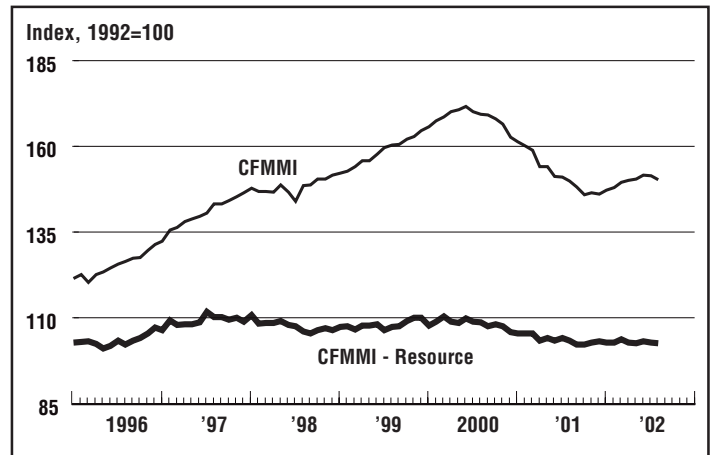
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	Jun 02	Jul 02	Aug 02	Monthly		Annual	Aug 01–Aug 02
				Jun 02	Jul 02		
CFMMI	151.5	151.4	150.2	0.7	-0.1	-0.8	0.2
CFMMI - Auto	150.0	153.3	148.3	0.8	2.2	-3.3	4.4
CFMMI - Steel	138.6	138.5	137.3	2.3	-0.1	-0.9	-0.5
CFMMI - Machinery	232.4	230.2	230.2	0.4	-0.9	0.0	-0.2
CFMMI - Resource	103.1	102.8	102.6	0.5	-0.3	-0.2	-0.7
IPMFG	145.0	145.5	145.3	0.6	0.3	-0.1	0.6

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>