

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Drops in January

The Chicago Fed Midwest Manufacturing Index (CFMMI) fell 2.3% in January 2007, to a seasonally adjusted level of 102.1 (2002 = 100). Revised data show the index rose 0.8% in December, to 104.6. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) was down 0.8% in January. Regional output in January was 1.0% lower than a year earlier, below the 1.9% increase in national output.

- All four of the regional industry sectors decreased in January:
- Regional auto sector output was down 3.5%;
- Regional Midwest machinery sector output fell by 2.7%;
- Regional resource sector output decreased 2.0%; and
- Regional steel sector output edged down 0.1%.

The Midwest's auto sector production fell 3.5% in January after increasing 1.4% in December. The nation's auto output was down 2.1% in January. Compared with a year earlier, the Midwest's automotive output was down 4.9%, while the nation's auto output edged up 0.3%.

The Midwest's machinery sector output decreased 2.7% in January after rising 2.7% in December. The nation's machinery output fell 0.2% in January. Regional machinery output in January was 3.6% above year-earlier levels, while national machinery output was up 13.1%.

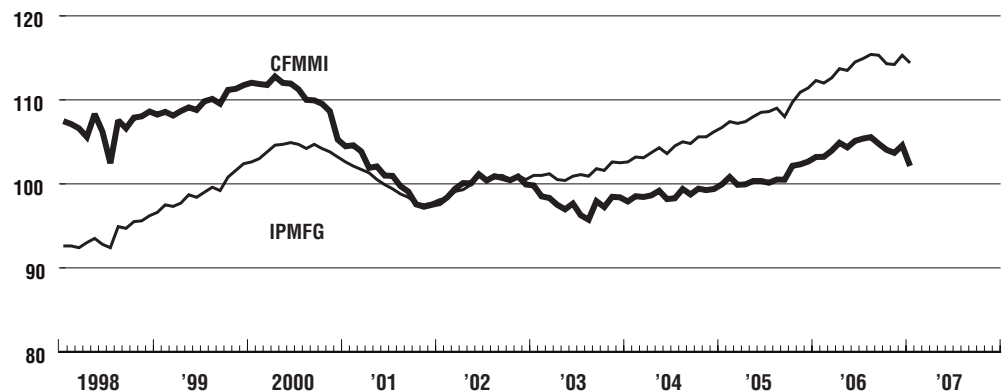
The Midwest resource sector's output was down 2.0% in January after remaining unchanged in December. The nation's resource sector's output was down 0.9% in January. All five of the subsectors of the resource sector—paper, wood, food production, chemicals production, and nonmetallic minerals production—decreased in January. Compared with a year ago, both regional and national resource output were down 1.3% in January.

The region's steel sector output edged down 0.1% in January, after falling 1.0% in December. The nation's steel output was down 0.2% in January. Regional steel output was 1.1% below its January 2006 level, slightly higher than the 1.2% decrease in the nation's steel output.

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

Chicago Fed Midwest Manufacturing Index

Index, 2002=100



**Embargoed for release:
March 19, 2007
Noon Eastern Time
11:00 am Central Time**

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**2007 Release Dates:
April 5, 2007
April 26, 2007
May 29, 2007
June 27, 2007
July 26, 2007
August 27, 2007
September 27, 2007
October 29, 2007
November 27, 2007
December 27, 2007**

**The next CFMMI will be released:
April 5, 2007
Noon Eastern Time
11:00 am Central Time**

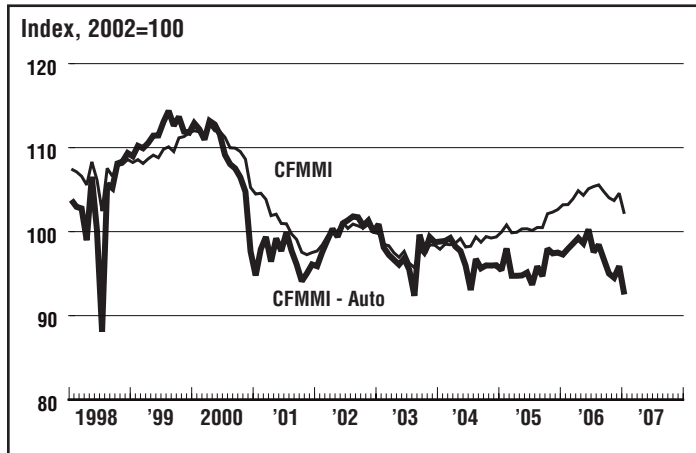
**FEDERAL RESERVE BANK
OF CHICAGO**

Manufacturing output indexes—January

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	-2.3	-1.9	-1.0
US Industrial Production-Manufacturing (IPMFG)	-0.8	0.1	1.9

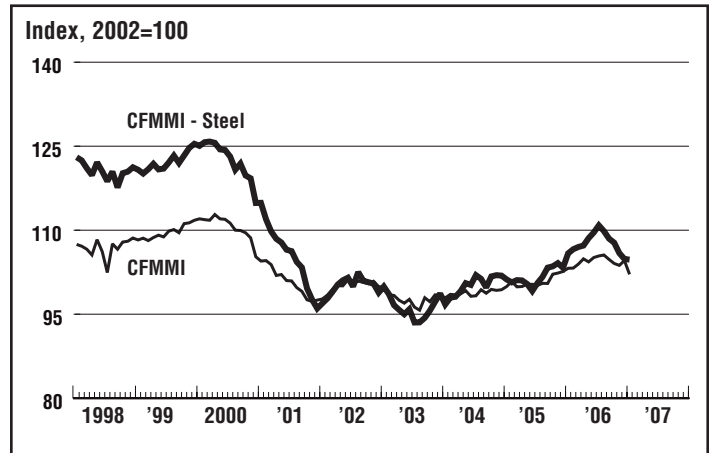
Tracking Midwest Manufacturing Activity by Sectors — January 2007

Auto Sector



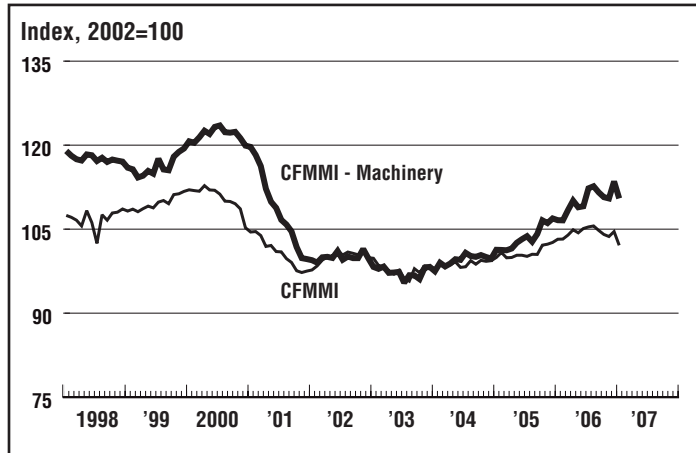
Auto Sector CFMMI Components:
Plastics and Rubber Products; Transportation Equipment

Steel Sector



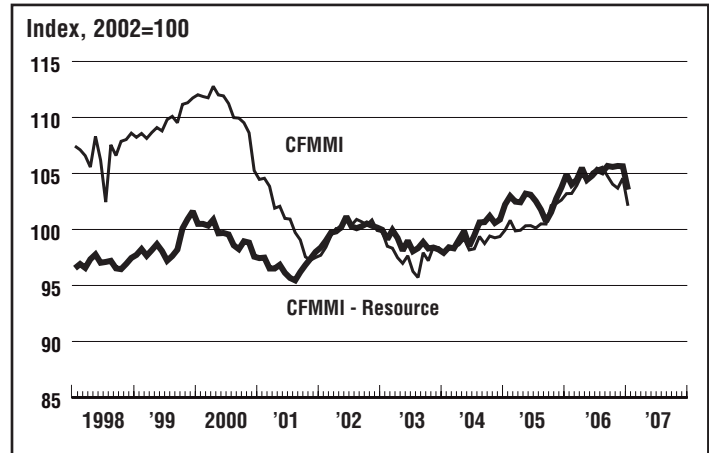
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

Machinery Sector



Machinery Sector CFMMI Components:
Machinery; Computer and Electronic Products; Electrical Equipment, Appliance, and Components Manufacturing

Resource Sector



Resource Sector CFMMI Components:
Food; Wood Products; Paper; Chemicals; Nonmetallic Mineral Products

Manufacturing Activity: Summary Table

	Index, 2002=100			Percent change			
	Nov 06	Dec 06	Jan 07	Monthly			Annual Jan 06–Jan 07
				Nov 06	Dec 06	Jan 07	
CFMMI	103.7	104.6	102.1	-0.3	0.8	-2.3	-1.0
CFMMI - Auto	94.5	95.9	92.5	-0.5	1.4	-3.5	-4.9
CFMMI - Steel	105.9	104.8	104.7	-1.7	-1.0	-0.1	-1.1
CFMMI - Machinery	110.5	113.5	110.5	-0.2	2.7	-2.7	3.6
CFMMI - Resource	105.7	105.6	103.6	0.1	0.0	-2.0	-1.3
IPMFG	114.2	115.3	114.4	-0.1	1.0	-0.8	1.9

Note: One of the fifteen industries in the CFMMI is not included in any of the four sectors above. This industry is Miscellaneous Manufacturing.

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 15 manufacturing industries (identified by 3-digit NAICS codes) that uses 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 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>.