

Chicago Fed Index hits record high

**Embargoed for release:
Noon Eastern Time
11:00 am Central Time
June 11, 1997**

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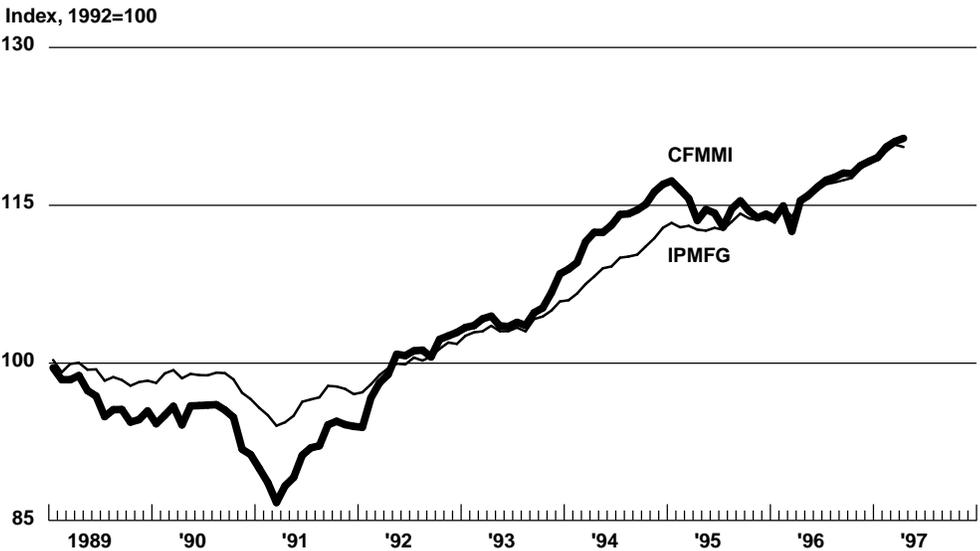
The Chicago Fed Midwest Manufacturing Index (CFMMI) reached a record high, increasing 0.3 percent in April. The U.S. manufacturing sector declined 0.2 percent during April, as measured by the Federal Reserve Board's industrial production index for manufacturing. The steel sector led the way for the Midwest, increasing by 2.8 percent from March. The auto sector fell 1.5 percent in April, due primarily to the strike at Chrysler's Mound Road engine plant in Detroit, which resulted in the idling of part or all of seven assembly plants. The machinery sector posted a strong 0.9 percent gain, matching its national counterpart. This is the machinery sector's sixth consecutive monthly gain. The resource sector's output declined by 0.5 percent in the Midwest.

The region's steel sector outperformed the nation's steel sector in April. Nationally, steel output in April was 2.5 percent higher than a year ago. The Midwest steel sector increased at three times that rate, with April output that was 7.5 percent higher than a year ago. The primary metals industry in the U.S. has been operating at a very high 90 percent capacity-utilization rate. Contacts in the region indicate that Midwest plants have been operating at even higher rates than the rest of the nation. Indiana plants have experienced very large increases in steel output over the past year. Contributing to the performance of the steel sector was strong demand from heavy truck producers, the construction industry, and the auto industry (auto sales have averaged over 15 million units [saar] so far this year).

The 1.5 percent decline in Midwest auto output was expected given the auto strike. Nationally, auto output in April fell by an even larger 2.7 percent. In addition to the Chrysler engine plant strike affecting some plants outside the Midwest region covered in the CFMMI, a strike at General Motor's Oklahoma City plant had an impact on national auto output.

Note: This month's CFMMI release reflects a benchmark revision in the data. Value added data for 1995 became available on a state level basis and this information was incorporated into the series. The net effect is that the index level was lowered slightly for 1995. However, month-to-month percent changes over the

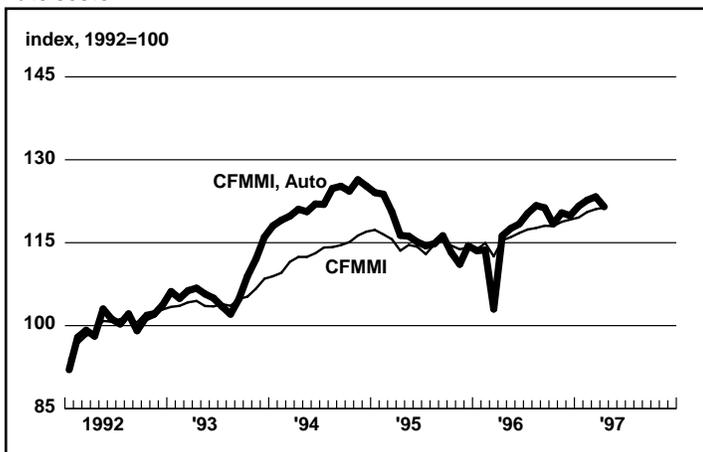
Chicago Fed Midwest Manufacturing Index



	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.3	1.5	5.1
US Industrial Production-Manufacturing (IPMFG)	-0.2	1.0	4.6

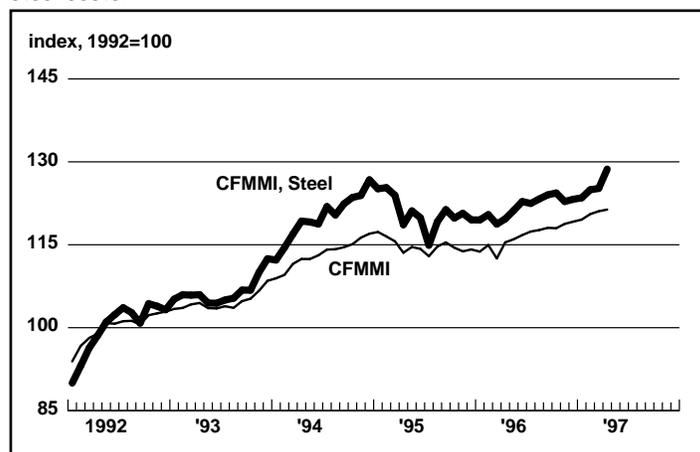
Tracking Midwest Manufacturing Activity by Sectors — April 1997

Auto Sector



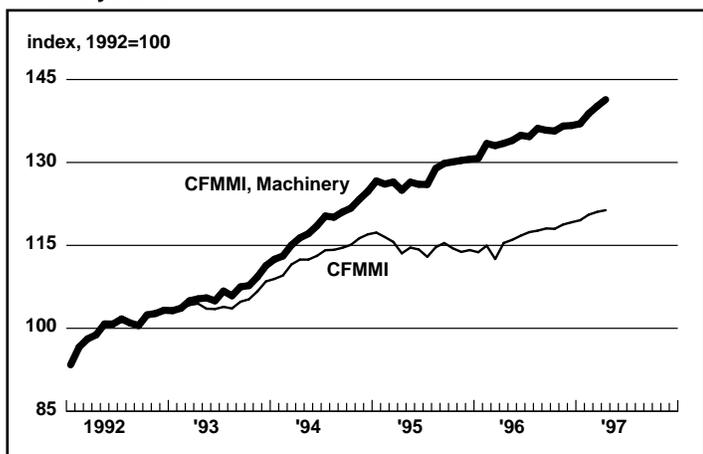
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



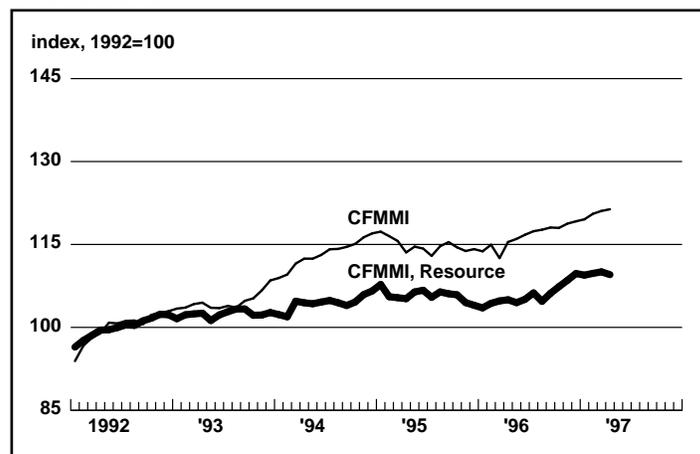
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	Feb 97	Mar 97	Apr 97	Monthly			Annual Apr 96–Apr 97
				Feb 97	Mar 97	Apr 97	
CFMMI	120.5	121.1	121.4	0.8	0.4	0.3	5.1
CFMMI - Auto	122.7	123.3	121.5	0.9	0.5	-1.5	4.5
CFMMI - Steel	124.9	125.2	128.7	1.2	0.2	2.8	7.5
CFMMI - Machinery	138.8	140.2	141.4	1.3	1.0	0.9	5.9
CFMMI - Resource	109.8	110.0	109.5	0.3	0.3	-0.5	4.3
IPMFG	120.1	120.8	120.5	0.7	0.5	-0.2	4.6

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.frbchi.org>