

Chicago Fed Midwest Manufacturing Index Hits New High

**Embargoed for release:
Noon Eastern Time
11:00 am Central Time
October 10, 1997**

**Contact: Suzanne Heffner
Media Relations Manager
312-322-5108**

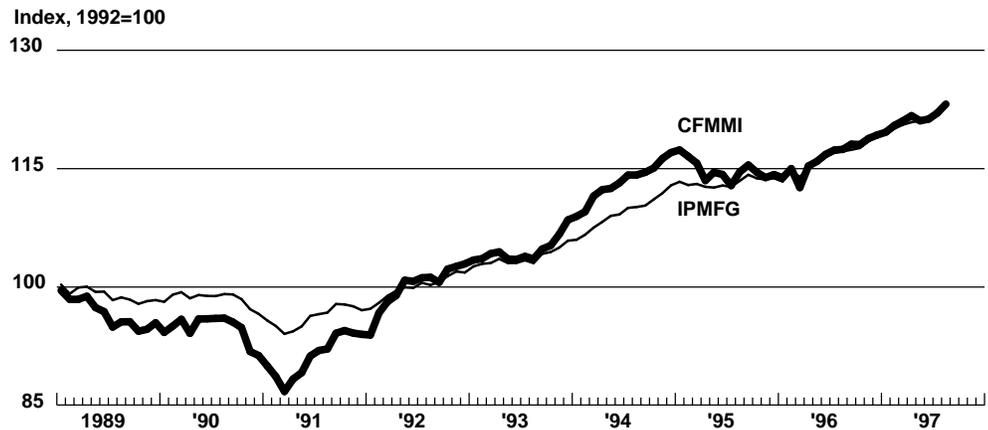
**Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, IL 60604**

The Chicago Fed Midwest Manufacturing Index (CFMMI) reached a record high of 123.2 in August. The index increased 0.9% from July to August, following a revised 0.6% increase in July. By comparison, the Federal Reserve Board's industrial production index for manufacturing increased by 1.0% in August and 0.5% in July. The auto sector had the strongest performance in the Midwest index, increasing by 2.6% in August following a 0.5% decrease in July. The regional steel sector also turned in an extremely strong performance in August, rising by 2.3% after having fallen 0.5% in July. The Midwest's machinery sector recorded an 0.8% rise in August, following a 1.7% increase in July. The resource sector's August output fell by 0.4% in the Midwest, having risen by 1.1% in July.

With no major strike affecting production in August, the auto sector's production increased at its highest rate in over a year. The auto sector's growth was the strongest of any sector for both the Midwest and the nation, increasing 2.6% and 3.0% respectively. The relatively stronger showing for the nation than the Midwest reflects both the geographic distribution of light-truck production and stronger sales for light trucks compared with autos. While overall 1997 year-to-date light vehicle sales (autos and light trucks) remain unchanged from last year, sales of autos versus light trucks differ markedly. Year-to-date auto sales are over 3% lower than last year, while light-truck sales are over 4% higher. The Midwest light-truck share of total light vehicle production is 40%; the comparable figure for the nation is 50%. So the nation has a greater output concentration in the more popular selling product.

The steel sector bounced back in August after two back-to-back months of declines. The recent pattern of steel output in the region is consistent with the auto industry's production dilemmas caused by several strikes over the past few months. Output of the Midwest machinery sector in August was 7.2% higher than a year ago, the largest increase by any of the individual sectors. The region's resource sector decline in August was due in large part to the paper industry's reduction in output.

Chicago Fed Midwest Manufacturing Index



**The next CFMMI will be released:
Wednesday, November 12, 1997
Noon Eastern Time
11:00 am Central Time**

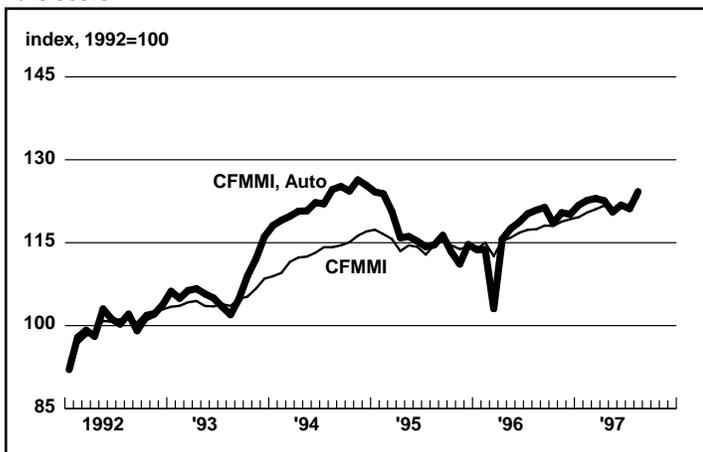
FEDERAL RESERVE BANK
OF CHICAGO

Manufacturing output indexes – August 1997

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.9	1.8	4.9
US Industrial Production-Manufacturing (IPMFG)	1.0	2.0	5.3

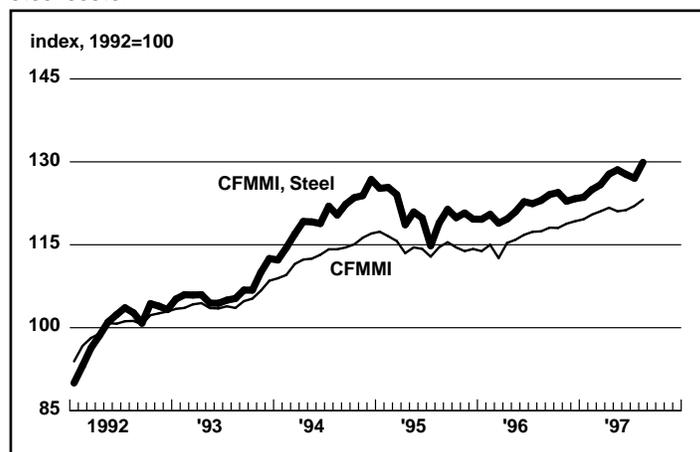
Tracking Midwest Manufacturing Activity by Sectors — August 1997

Auto Sector



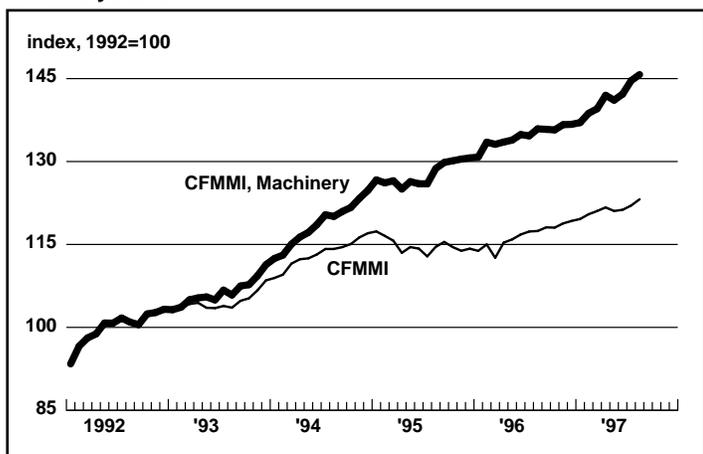
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



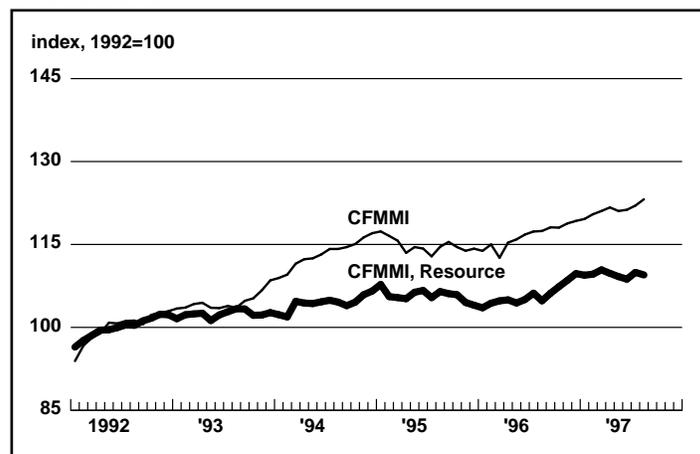
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	Jun 97	Jul 97	Aug 97	Monthly			Annual Aug 96–Aug 97
				June 97	Jul 97	Aug 97	
CFMMI	121.3	122.0	123.2	0.2	0.6	0.9	4.9
CFMMI - Auto	121.8	121.2	124.2	1.1	-0.5	2.6	2.8
CFMMI - Steel	127.7	127.0	129.9	-0.6	-0.5	2.3	5.6
CFMMI - Machinery	142.2	144.6	145.7	0.8	1.7	0.8	7.2
CFMMI - Resource	108.7	109.9	109.5	-0.4	1.1	-0.4	4.5
IPMFG	121.6	122.2	123.4	0.4	0.5	1.0	5.3

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>