News Release

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Growth Slows in March

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The Chicago Fed Midwest Manufacturing Index (CFMMI) rose 0.1% from February to March, reaching a seasonally adjusted level of 137.2 (1992=100). Revised data show the index was at 137.1 in February, and had risen 0.3% from January. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) increased 0.4% in March, after rising 0.1% in February. March output in the region was 4.9% higher than a year earlier, while output in the nation was 5.7% higher.

Output in three of the four CFMMI sub-sectors decreased in March. The Midwest machinery sector was the only sector that experienced a gain in output from the prior month. Midwest machinery output rose 1.5% in March, following a revised 0.6% increase in February. Output in the regional resource sector declined 0.1% in March, following a 0.8% increase the month before. Midwest steel sector output fell 0.2% in March, compared with a 0.1% increase in February. The regional automotive sector experienced the largest decline, down 1.6% in March, following a drop of 0.4% the previous month.

Midwest machinery output growth continued to lag behind the nation's. Midwest machinery output increased 1.5% from February to March, while national machinery output rose 1.8%. For the region, growth in the electric equipment and instrument segment was stronger than growth in the industrial machinery segment. Relative to a year ago, the machinery sector continued to outperform other sectors in the region and the nation, with regional output 11.6% higher and national output up 21.7%.

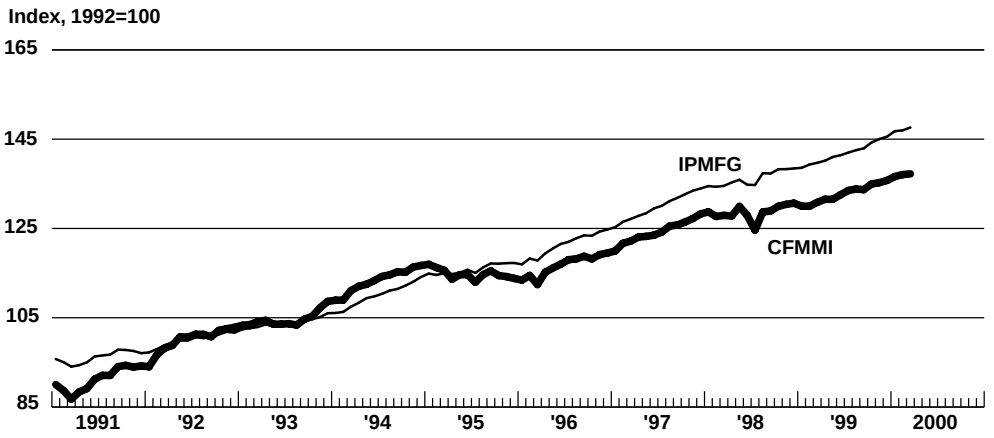
The Midwest resource sector's output decreased 0.1% in March, while the nation's resource sector rose by 0.2%. Weakness in lumber and food processing output was the major reason for the decline in regional resource output. Compared with a year ago, Midwest resource output was 0.6% higher in March and national resource output was 2.1% higher.

Regional steel output declined by 0.2% in March, while the nation's steel sector increased output by 0.2%. This was the first time in six months that the regional steel output growth was below the nation's. Regional steel output was 5.0% above its March 1999 level while national steel output was up 3.7%.

The 1.6% loss in Midwest automotive output in March was larger than the 0.1% decrease nationally. However, regional automotive output was 1.9% above last year's level while national output was 0.7% below its March 1999 level. The relatively better performance of domestic passenger car sales compared with the past few years has benefited the Midwest, which has a greater concentration of passenger car production.

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

Chicago Fed Midwest Manufacturing Index



Manufacturing output indexes – March 2000

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.1	1.1	4.9
US Industrial Production-Manufacturing (IPMFG)	0.4	1.4	5.7

The next CFMMI will be released:
June 12, 2000
Noon Eastern Time
11:00 am Central Time

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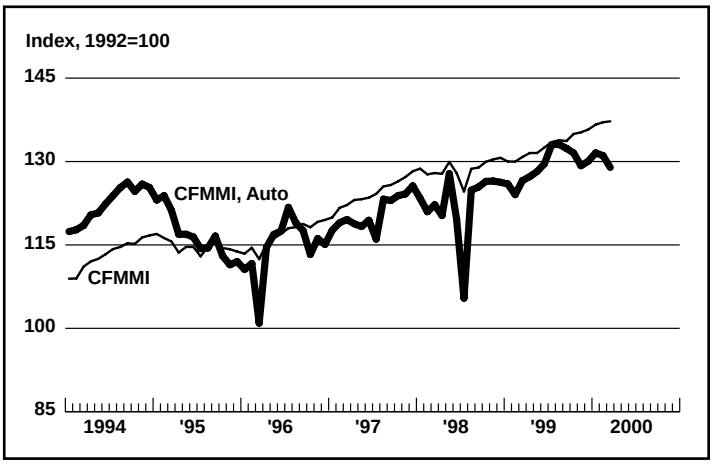
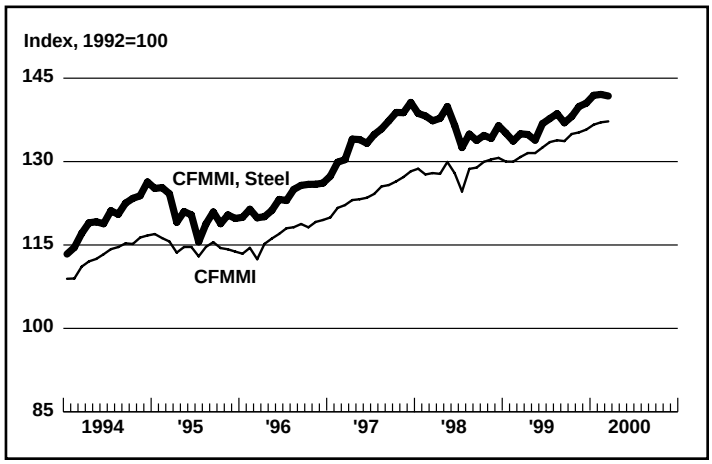
Tracking Midwest Manufacturing Activity by Sectors — March 2000

Auto Sector



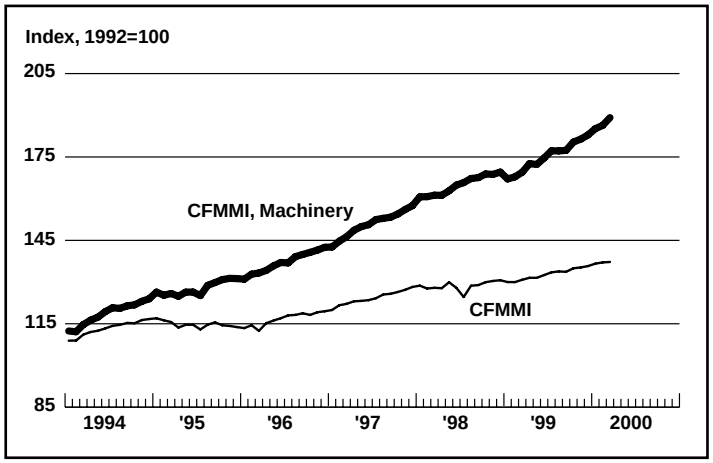
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



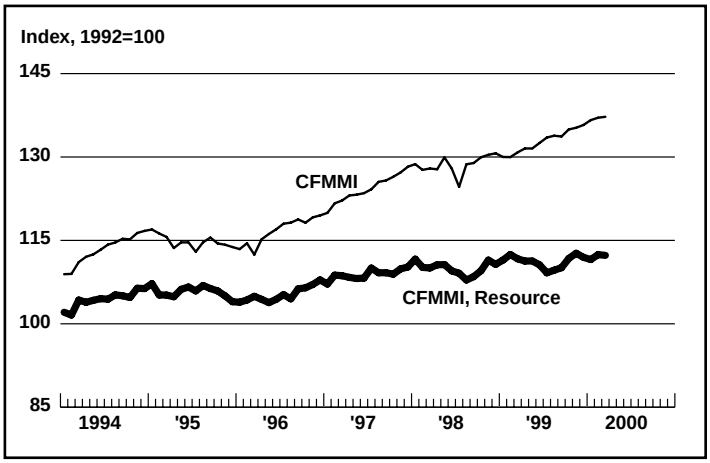
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
				Monthly			Annual
	Jan 00	Feb 00	Mar 00	Jan 00	Feb 00	Mar 00	Mar 99–Mar 00
CFMMI	136.6	137.1	137.2	0.6	0.3	0.1	4.9
CFMMI - Auto	131.6	131.1	128.9	1.2	-0.4	-1.6	1.9
CFMMI - Steel	141.9	142.1	141.8	1.0	0.1	-0.2	5.0
CFMMI - Machinery	185.2	186.4	189.2	1.2	0.6	1.5	11.6
CFMMI - Resource	111.6	112.4	112.3	-0.4	0.8	-0.1	0.6
IPMFG	146.8	147.0	147.6	0.8	0.1	0.4	5.7

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.frbchi.org