

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Expansion Continues in May

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The Chicago Fed Midwest Manufacturing Index (CFMMI) rose 0.3% from April to May, reaching a seasonally adjusted level of 164.9 (1992=100). Revised data show the index was at 164.5 in April, up 0.6% from March. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) increased 0.3% in May, after rising 0.6% in April. May output in the region was 8.0% higher than a year earlier, while output in the nation was 6.2% higher.

Output in two of the four CFMMI sub-sectors increased in May, while output in the other two sub-sectors decreased. The machinery sector had the largest advance in May, up 1.0%, following a revised gain of 1.6% in April. Output in the auto sector was up 0.2%, after it had risen 0.5% in the prior month. Midwest steel sector output fell 0.1% in May, after it rose 0.4% in April. Resource sector output was down 0.6% in both May and April.

Machinery output was the growth leader in the Midwest for the seventh month in a row, but it continued to lag national growth. Midwest machinery output rose 1.0% from April to May, while national output was up 1.8%. In the Midwest, growth was roughly equal in industrial and electrical machinery sectors, but nationally, electrical machinery output increased more rapidly than industrial machinery output. Regional machinery output was 18.6% above its May 1999 level, while national machinery output was up 24.8%.

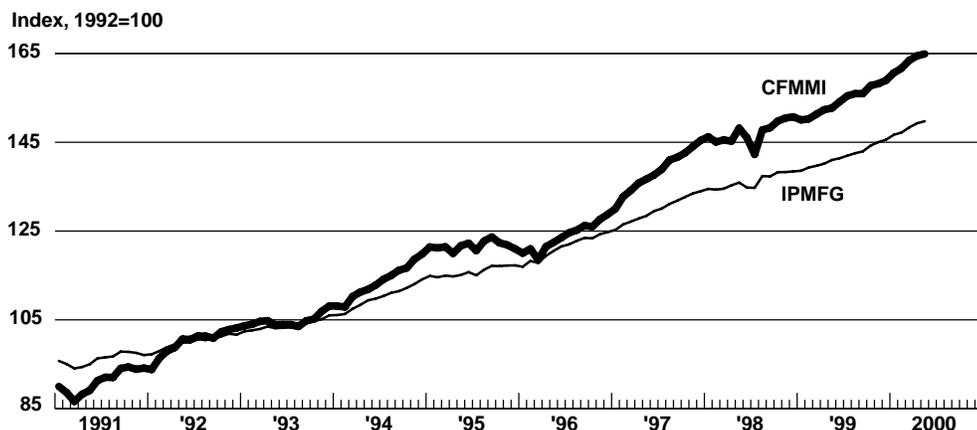
May auto output increased 0.2% in the Midwest, equaling the gain for the nation. An increase in Midwest transportation equipment output more than offset a decrease in rubber and plastics output. Auto output in the region was up 1.6% from May 1999, continuing a trend of slowing year-over-year growth rates. Auto output for the nation was down 0.6% from a year earlier.

Regional steel output declined 0.1% in May, smaller than the 0.3% drop in national steel output. Output in primary metal industries in the Midwest was unchanged, but output in fabricated metal industries declined slightly; nationally, both primary and fabricated metal output declined. Regional steel output was 6.5% above its May 1999 level, while national steel output was up 4.7%.

Midwest resource output was down 0.6% in May while resource output for the nation fell only 0.3%. In the Midwest, food, paper, chemical, and stone/clay output all declined, while lumber output was unchanged and petroleum output increased significantly after a large drop in April. Compared with a year ago, Midwest resource output was 0.3% lower in May but national resource output was 1.7% higher.

— Michael Munley • Associate Economist • 312-322-6401

Chicago Fed Midwest Manufacturing Index



**The next CFMMI will be released:
August 10, 2000
Noon Eastern Time
11:00 am Central Time**

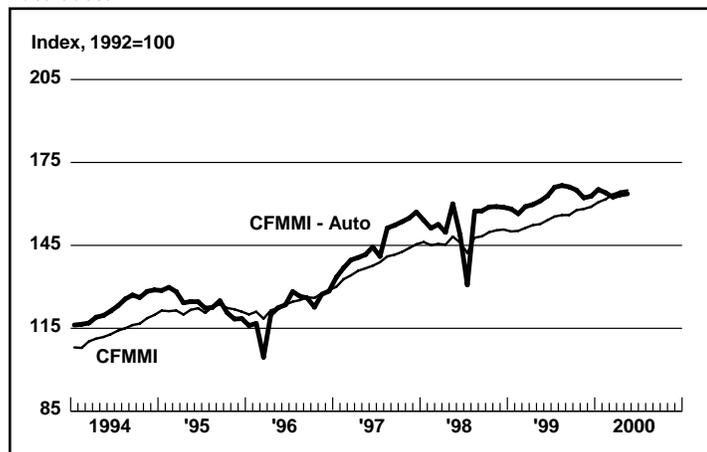
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Manufacturing output indexes – May 2000

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.3	2.0	8.0
US Industrial Production-Manufacturing (IPMFG)	0.3	1.7	6.2

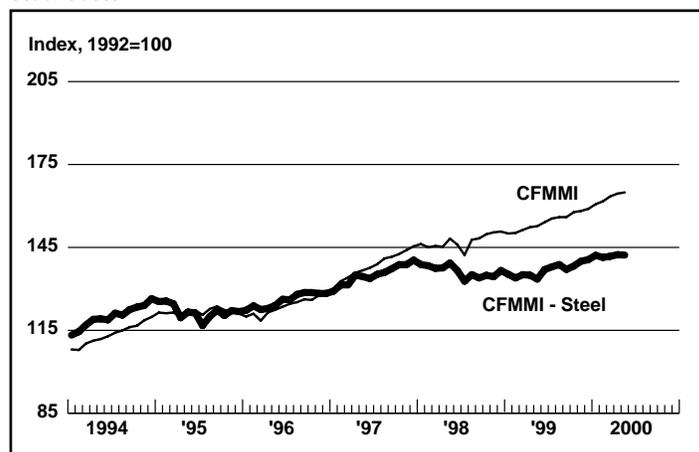
Tracking Midwest Manufacturing Activity by Sectors — May 2000

Auto Sector



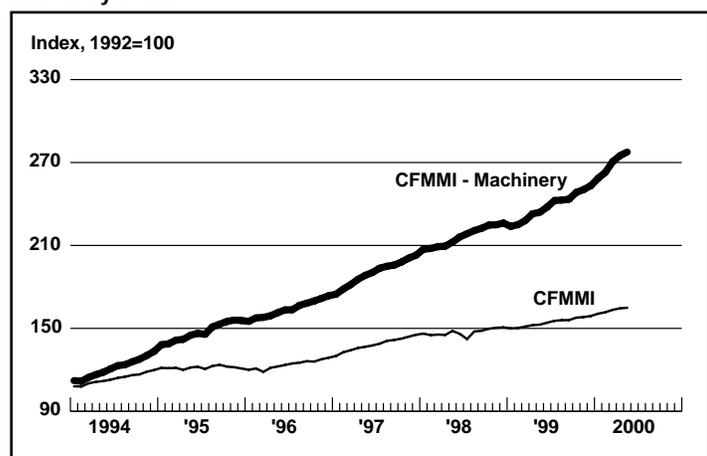
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



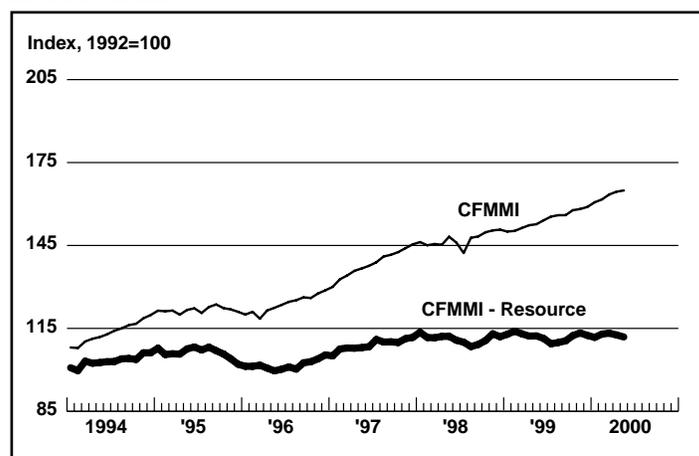
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	Mar 00	Apr 00	May 00	Monthly			Annual May 99–May 00
				Mar 00	Apr 00	May 00	
CFMMI	163.4	164.5	164.9	1.1	0.6	0.3	8.0
CFMMI - Auto	162.5	163.3	163.7	-0.9	0.5	0.2	1.6
CFMMI - Steel	141.8	142.4	142.2	0.3	0.4	-0.1	6.5
CFMMI - Machinery	270.7	275.0	277.6	2.9	1.6	1.0	18.6
CFMMI - Resource	113.3	112.6	111.9	0.3	-0.6	-0.6	-0.3
IPMFG	148.3	149.3	149.7	0.8	0.6	0.3	6.2

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>