

Chicago Fed Index Shows Midwest Manufacturing Hit Record High in July

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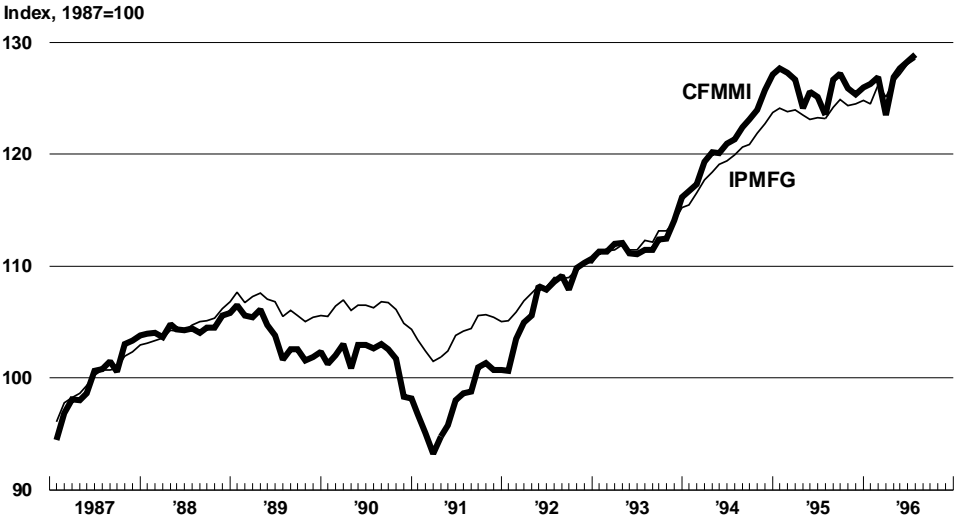
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Chicago, IL 60604**

The Federal Reserve Bank of Chicago reported today that its newly revised and updated Chicago Fed Midwest Manufacturing Index (CFMMI) surged to a record high in July. Led by auto production, the CFMMI posted a solid gain of 0.5 percent in July, nearly twice the national rate as measured by the manufacturing component of the Federal Reserve Board's US Industrial Production Index (IPMFG). July's performance marked the third solid gain in the CFMMI since its sharp rebound from the General Motors strike in March, and the third time in the last four months that the Chicago Fed Index has outpaced the nation.

The auto sector was clearly the driving force behind the region's relatively strong showing in July, posting a 3.0 percent gain. This is the auto sector's largest increase since its 12.4 percent rebound in April, following the March auto strike. Other sectors in the Midwest were relatively flat and more closely mirrored their national counterparts. Blast furnace outages contributed to a 0.4 percent decline in the steel sector. However, this sector had experienced a substantial 2.1 percent gain in June, perhaps in preparation for the surge in auto production.

Although the CFMMI has generally outperformed the IPMFG over the course of the current economic expansion, it was relatively flat beginning in late 1994 and continuing through the early part of this year. The sluggish performance was due to overbuilt auto inventories in late 1994 and an auto sales slump in early 1995. Since April of this year, the Chicago Fed Index has been trending upwards. ■

Chicago Fed Midwest Manufacturing Index



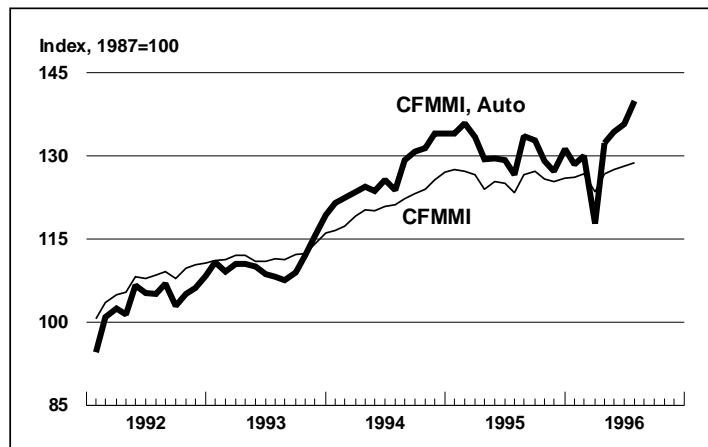
Manufacturing output indexes

percent change

	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.5	1.6	4.4
US Industrial Production-Manufacturing (IPMFG)	0.3	1.6	4.3

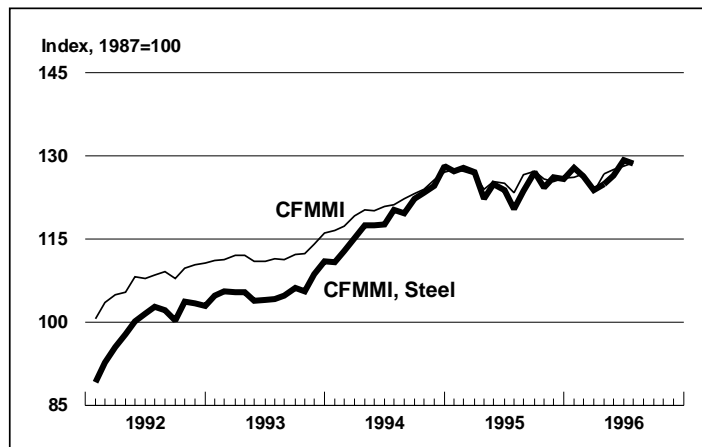
Tracking Midwest Manufacturing Activity by Sectors — July 1996

Auto Sector



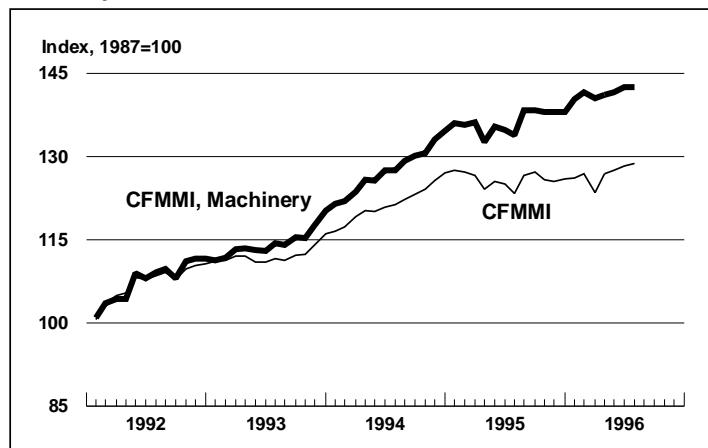
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



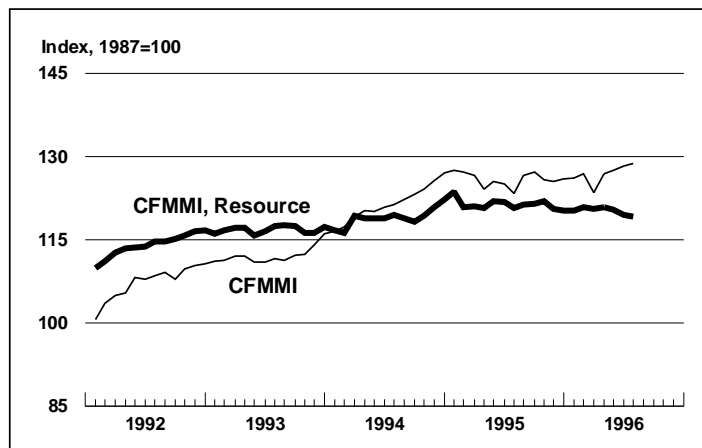
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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

	1996 Index, 1987=100			1996 Percent change			
	May	June	July	Monthly			Annual July 95-July 96
				May	June	July	
CFMMI	127.7	128.3	128.9	0.6	0.5	0.5	4.4
CFMMI - Auto	134.5	135.9	140.0	1.4	1.0	3.0	10.4
CFMMI - Steel	126.6	129.3	128.8	1.3	2.1	-0.4	6.9
CFMMI - Machinery	141.8	142.7	142.7	0.4	0.6	0.0	6.5
CFMMI - Resource	120.6	119.6	119.3	-0.4	-0.9	-0.2	-1.3
IPMFG	127.2	128.1	128.6	0.5	0.7	0.3	4.3

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>