

Chicago Fed Index reports Midwest manufacturing flat in September

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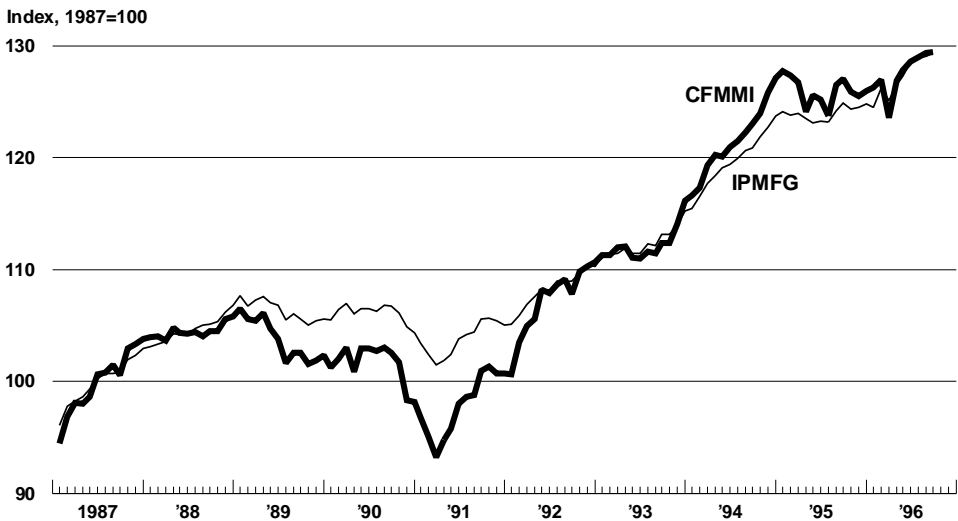
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Midwest manufacturing activity held steady in September as weakness in auto production offset modest gains in other sectors, according to the Chicago Fed Midwest Manufacturing Index (CFMMI). Manufacturing growth nationwide increased by a modest 0.2 percent, as measured by the manufacturing component of the Federal Reserve Board's Industrial Production Index.

The Midwest auto sector declined by 0.9 percent in September, a pronounced decrease following two months of strong gains. The auto sector for the nation experienced back-to-back declines in August and September. Problems with new model roll-outs contributed to the sector's poor showing. Data for October are not yet available, but disruptions caused by the General Motors strike is expected to affect auto production numbers for that month. Given the relatively high concentration of GM facilities in the Midwest, October data may indicate that the region's auto sector was a drag on the Midwest's overall manufacturing performance. Nevertheless, the auto sector is expected to resume having a positive effect on Midwest manufacturing activity in the near future, assuming that recent problems are temporary.

Other Midwest manufacturing sectors posted modest but widespread gains in September, with steel and machinery building on strong gains in August. In the steel sector, the region exceeded gains nationwide. Gains in the machinery sector did not keep pace with national growth. The resource sector, including food, lumber, oil and chemical products, provided a boost to Midwest manufacturing activity. This sector posted the strongest gain of any sector in the region, recovering about half of the decline it experienced in August. Leading the gain in the resource sector was food processing, which had accounted for much of the August decline. Gains in chemicals and stone/clay/glass production also contributed significantly to the resource sector's increase.

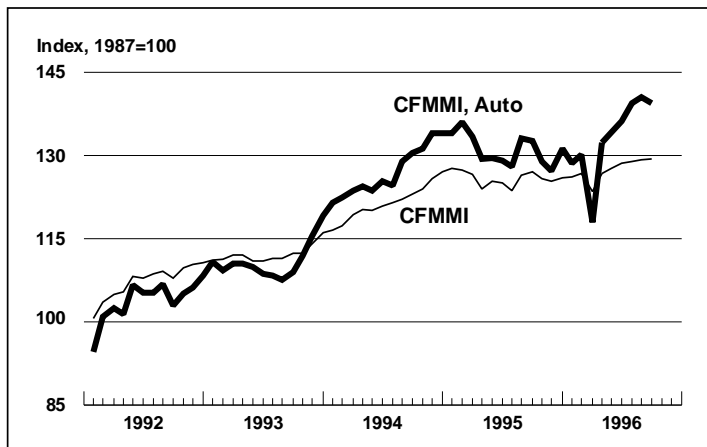
Chicago Fed Midwest Manufacturing Index



Manufacturing output indexes – September 1996	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.0	0.7	1.9
US Industrial Production-Manufacturing (IPMFG)	0.2	0.7	3.6

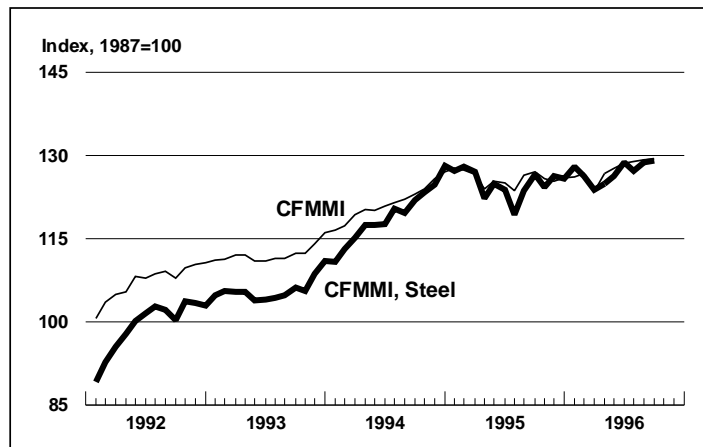
Tracking Midwest Manufacturing Activity by Sectors — September 1996

Auto Sector



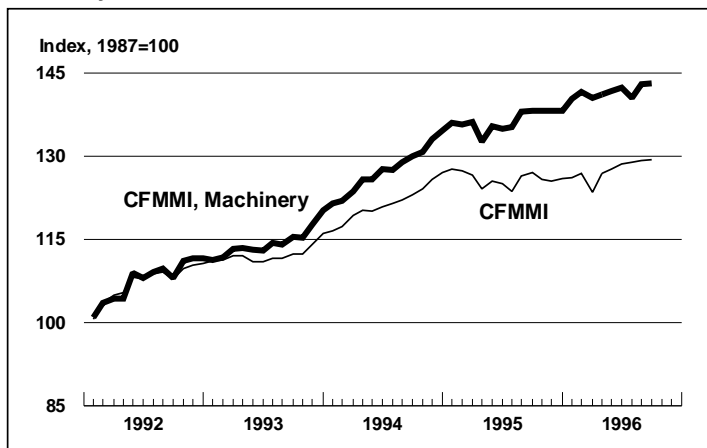
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



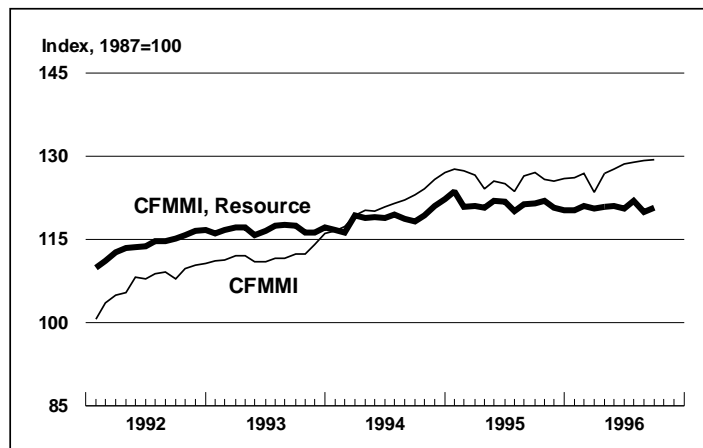
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	July	August	Sept	Monthly			Annual Sept 95 - Sept 96
				July	August	Sept	
CFMMI	129.0	129.5	129.5	0.3	0.4	0.0	1.9
CFMMI - Auto	139.4	140.8	139.5	2.3	1.0	-0.9	5.1
CFMMI - Steel	127.3	128.9	129.1	-1.3	1.3	0.2	1.8
CFMMI - Machinery	140.8	143.2	143.4	-1.2	1.7	0.2	3.7
CFMMI - Resource	122.1	120.0	120.8	1.2	-1.7	0.6	-0.6
IPMFG	129.0	129.1	129.4	0.3	0.1	0.2	3.6

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>