

**Midwest Manufacturing Index Continues to Hit New Highs**

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**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 125.5 in November. The index increased 0.7% from October to November, following a strong 1.1% increase in October. By comparison, the Federal Reserve Board's industrial production index for manufacturing (IP-MFG) also set a record high of 130.2 in November, representing a 1.0% increase in November following a 0.6% increase in October. While the regional manufacturing index experienced good growth compared with a year ago at 5.6%, the nation experienced even faster growth with the IP-MFG rising at 6.3% over the same period. This faster growth on a year-ago basis by the national manufacturing index has been evident in the past seven months of data.

Even with the relatively stronger growth in the nation, Midwest manufacturers continued to do well and the good output performance was fairly broad-based across the many different industries in the region. For the second consecutive month, all four industrial subsector indexes in the region increased. The resource sector had the strongest growth in the Midwest, rising by 1.3% in November, following a 1.1% increase in October. The Midwest machinery sector expanded by 0.7% in November following a 0.9% increase in October. The Midwest's steel sector rose 0.6% in November, following a 1.3% increase in October. The regional auto sector grew 0.2% in November, after having risen a very strong 1.5% in October.

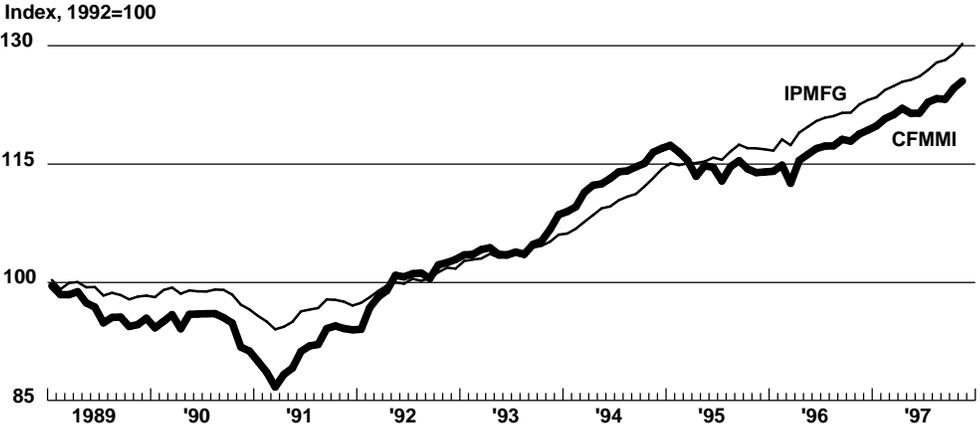
The regional resource sector's superior growth was attributed to gains in food and kindred products, lumber, and petroleum. Even with this robust showing in November, the regional resource sector has demonstrated the slowest growth on an annual basis compared with the other subsectors, rising only 3.5% over the 12 months ended in November.

On an annual basis the machinery sector index has shown the best growth among the regional subsectors. The index in November stood at 7.4% above its level in November 1996. Still, the regional machinery sector fell far short of the performance of the national machinery index, which rose 13.5% over the same period.

Regional steel production increased by 0.6% compared with a somewhat stronger gain of 0.8% nationally. In November, Midwest steel output was 6.9% above a year ago, compared with the national rate of 4.6%.

While Midwest auto output rose by 0.2% in November, the national auto production index rose by an extremely strong 2.3%. On a year-ago basis, the regional auto sector grew by 6.8% in November compared with the national auto sector growth rate of 9.4%. Vehicle producers outside the Midwest have benefitted from a greater specialization in light truck production.

**Chicago Fed Midwest Manufacturing Index**



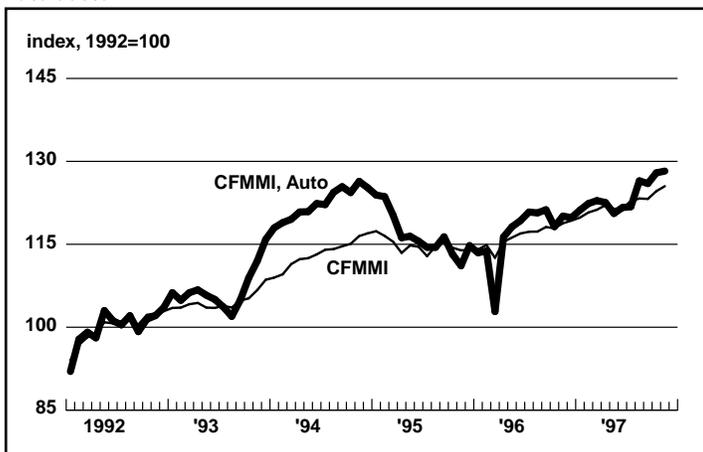
**The next CFMMI will be released:  
Wednesday, February 11, 1998  
Noon Eastern Time  
11:00 am Central Time**

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Manufacturing output indexes – November 1997	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.7	1.8	5.6
US Industrial Production-Manufacturing (IPMFG)	1.0	1.8	6.3

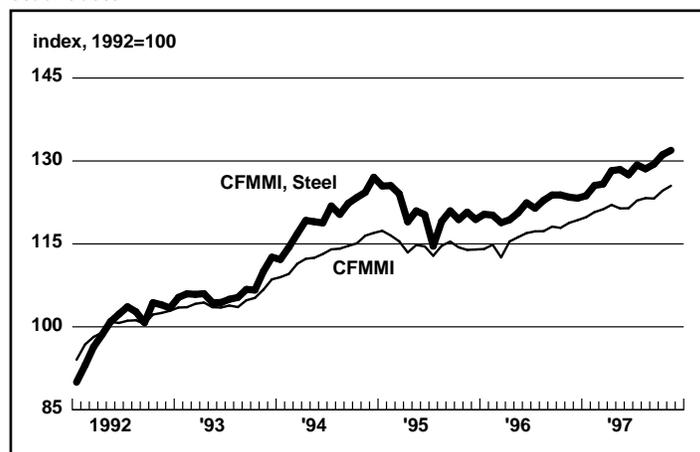
# Tracking Midwest Manufacturing Activity by Sectors — November 1997

## Auto Sector



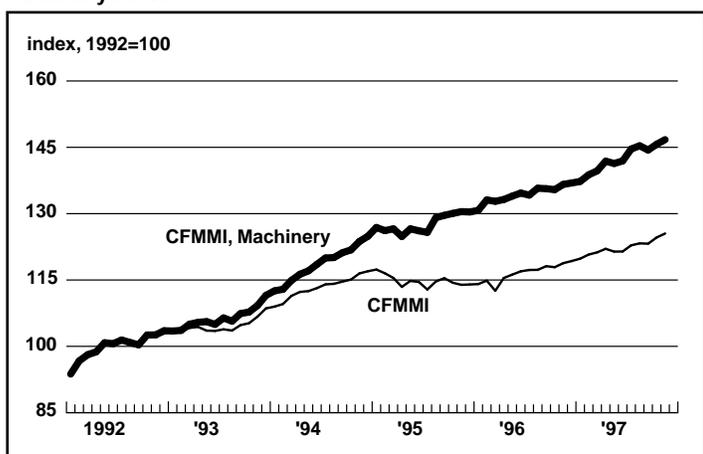
Auto Sector CFMMI Components:  
Rubber and Miscellaneous Plastics Products; Transportation Equipment

## Steel Sector



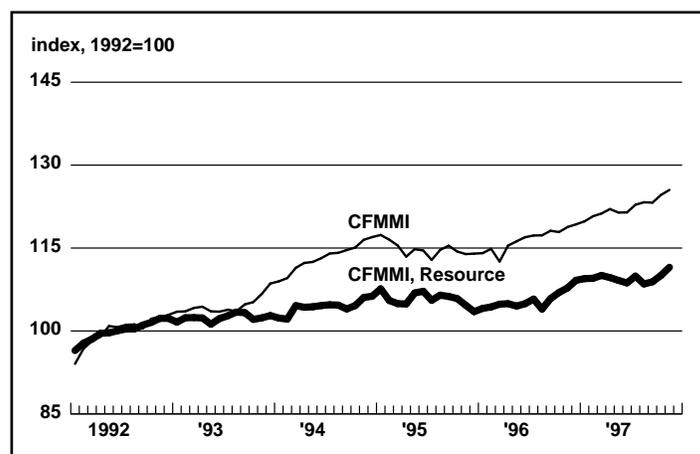
Steel Sector CFMMI Components:  
Primary Metal Industries; Fabricated Metal Products

## 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			
	Sep 97	Oct 97	Nov 97	Monthly			Annual Nov 96-Nov 97
				Sep 97	Oct 97	Nov 97	
CFMMI	123.2	124.6	125.5	-0.1	1.1	0.7	5.6
CFMMI - Auto	126.0	127.9	128.2	-0.4	1.5	0.2	6.8
CFMMI - Steel	129.4	131.1	131.9	0.7	1.3	0.6	6.9
CFMMI - Machinery	144.4	145.7	146.7	-0.7	0.9	0.7	7.4
CFMMI - Resource	108.9	110.0	111.5	0.4	1.1	1.3	3.5
IPMFG	128.2	129.0	130.2	0.2	0.6	1.0	6.3

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>