

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Reaches a New High in December

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The Chicago Fed Midwest Manufacturing Index (CFMMI) rose 0.2% from November to December, to a level of 129.8 (1992=100); revised data show the index rose 0.3% in November. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) increased 0.2% in December after rising 0.1% in November. December's CFMMI level set a new record high for the regional index. December output in the region was 1.0% higher than a year earlier while the nation's output was up 2.3%. For 1998 as a whole, Midwest output was 3.1% higher than in 1997, the nation's manufacturing output increased 4.2%.

The Midwest steel sector posted the largest monthly gain of the four sectors, rising 0.8% in December after having fallen by 0.2% in November. The regional machinery sector's output level was 0.5% higher in December following a 0.2% decline in November. Regional auto sector production increased 0.1% in December after falling 0.3% in November. The Midwest resource sector's output fell 0.4% in December after having increased a very strong 1.9% in November.

The regional steel sector's 0.8% December increase was larger than the 0.3% gain nationally. The region's primary metals industry, which struggled a good part of the year due to import competition, had a strong increase in December, after steel imports fell by over 30% in December. In December, Midwest steel sector output was 1.9% below a year ago, somewhat less than nation's 3.0% decline. Steel output in the Midwest for 1998 was 1.7% above the 1997 level. For the United States, steel production increased 0.8% during 1998.

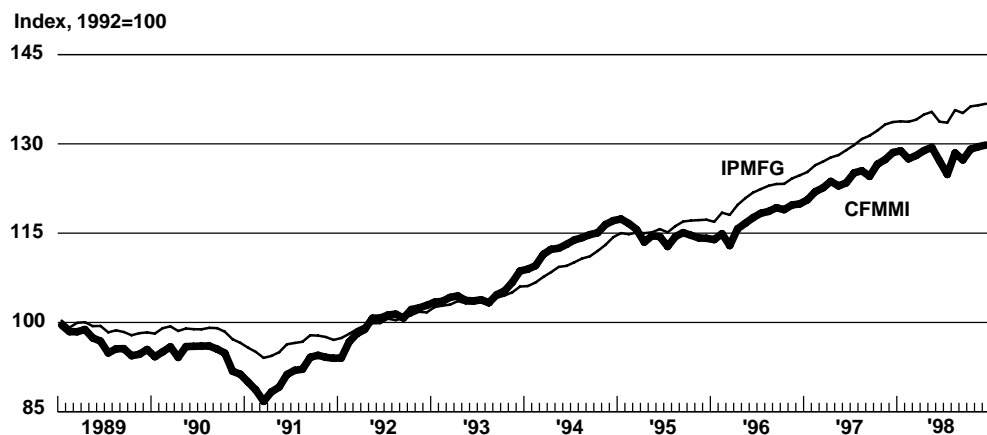
The region's machinery sector's output in December increased 0.5%, slower than the 0.9% increase experienced by the nation's machinery sector. December reflected weakness in industrial and commercial machinery offset by strength in electronic and other electrical equipment and components. In December, regional machinery output stood 5.1% above its December 1997 level. The nation's growth from the prior year was stronger at 10.6%. For the year as a whole, machinery output in the region was 7.7% higher than in 1997, while the nation's output was 12.7% higher.

The regional auto sector's increase of 0.2% in December was greater than the 0.4% loss experienced in the nation's auto sector. Compared with a year earlier, Midwest auto sector output was down 0.6% in December. In contrast, the nation's auto sector output was 2.3% above December 1997. Auto sector output in the region for 1998 was 1.4% above the 1997 level. For the nation, auto sector output was 4.6% higher during 1998.

The December decline in the region's resource sector output reflected decreases in food processing, petroleum processing and chemicals. Compared with a year ago, Midwest resource sector output was up 0.2% in December, the same rate of increase as experienced by the nation. For the year as a whole, Midwest resource output grew by 1.3%, the same increase experienced by the nation.

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

Chicago Fed Midwest Manufacturing Index



The next CFMMI will be released:
 Thursday, March 11, 1999
 Noon Eastern Time
 11:00 am Central Time

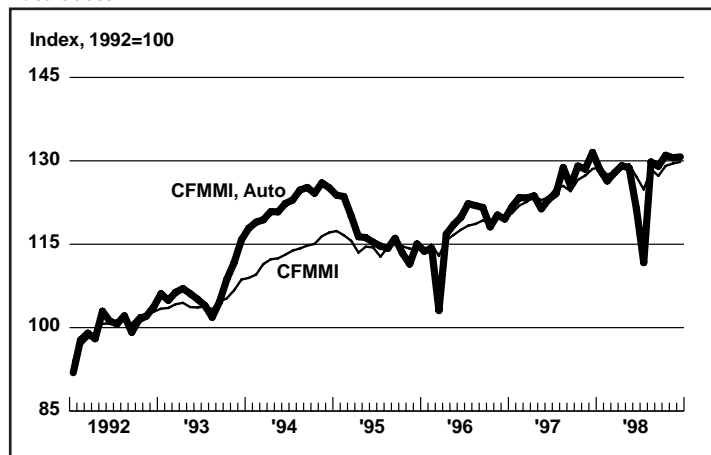
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Manufacturing output indexes – December 1998

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.2	2.0	1.0
US Industrial Production-Manufacturing (IPMFG)	0.2	1.2	2.3

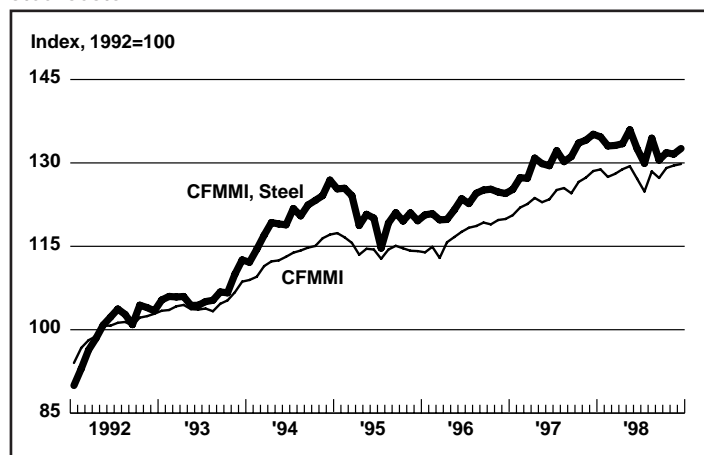
Tracking Midwest Manufacturing Activity by Sectors — December 1998

Auto Sector



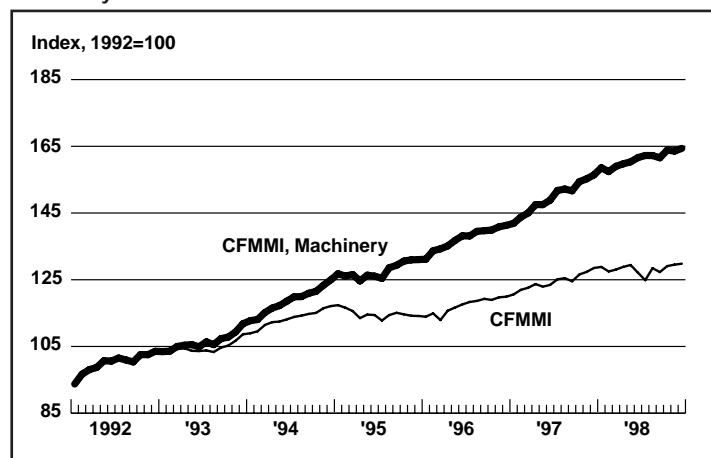
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



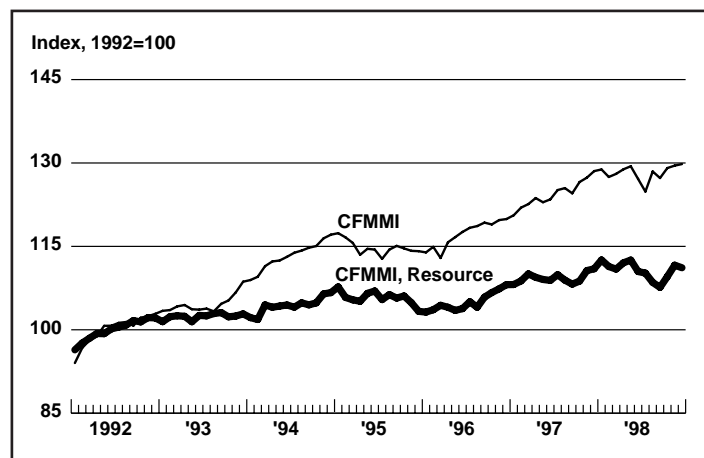
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	Oct 98	Nov 98	Dec 98	Monthly			Annual Dec 97–Dec 98
				Oct 98	Nov 98	Dec 98	
CFMMI	129.1	129.5	129.8	1.4	0.3	0.2	1.0
CFMMI - Auto	131.0	130.6	130.7	1.5	-0.3	0.1	-0.6
CFMMI - Steel	131.8	131.6	132.6	1.0	-0.2	0.8	-1.9
CFMMI - Machinery	163.8	163.6	164.4	1.4	-0.2	0.5	5.1
CFMMI - Resource	109.6	111.6	111.2	1.8	1.9	-0.4	0.2
IPMFG	136.3	136.5	136.7	0.8	0.1	0.2	2.3

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>