The Chicago Fed Midwest Manufacturing Index (CFMMI) rose 0.2% in May from April, to a level of 126.4 (1992=100), following a revised increase of 0.6% in April. Likewise, the Federal Reserve Board's industrial production index for manufacturing (IP-MFG) rose by 0.2% in May from April, after increasing by 0.5% in April. Output in the region was 4.2% above a year ago in May while the nation's output was up 4.7%.

Three sectors in the region expanded in May, while only the regional auto sector declined. The regional machinery sector experienced the largest increase, rising 0.5% in May following April's 0.4% increase. Midwest resource sector output expanded by 0.4% in May after a 1.2% increase in April. The steel sector increased by 0.3% in May after having fallen by 0.2% in April. Midwest auto sector output contracted 0.3% in May after having risen by 0.7% in both April and March.

As was the case from December through April, of the four sectors, machinery output continued to show the strongest growth relative to a year ago in both the region and the nation. In May, regional machinery output stood 6.8% above its May 1997 level, up from the 5.8% gain recorded the prior month. The nation's growth rate from the prior year was a strong 11.5% in May, the same as in April.

The May increase in the region's resource sector output reflected strong growth in petroleum refining; food processing; lumber and wood products; and stone, clay, glass and concrete products. Compared with a year ago, Midwest resource sector output was up 3.9%, while the nation expanded at a somewhat weaker 2.5%.

The regional steel sector's May increase followed four consecutive month-to-month declines. In May, Midwest steel output was 2.0% above a year ago, compared with a slightly weaker national increase of 1.6%. The strength in the regional steel sector was primarily due to a strong increase in May from April in fabricated metal products.

The auto sector was the only CFMMI component exhibiting weakness in May, due primarily to declines in the rubber and miscellaneous product category. Compared with a year earlier, Midwest auto sector output was up 4.6% in May. The nation's auto sector was quite a bit stronger than the region with output 6.7% above May 1997. The region's greater concentration of passenger car production relative to the hotter selling light trucks continued to hinder its growth performance.
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