

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Down Slightly in November

Embargoed for release:
 Noon Eastern Time
 11:00 am Central Time
 January 11, 1999

Contact: Suzanne Heffner
 Media Relations Manager
 312-322-5108

Federal Reserve Bank of Chicago
 230 South LaSalle Street
 Chicago, IL 60604

1999 Release Dates:
 February 11
 March 11
 April 12
 May 11
 June 10
 July 12
 August 11
 September 13
 October 12
 November 10
 December 9

The Chicago Fed Midwest Manufacturing Index (CFMMI) fell 0.1% from October to November, to a level of 128.6 (1992=100); revised data show the index rose 1.3% in October. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) was unchanged in November after rising 0.6% in October. Output in the region was 1.1% above a year ago in November while the nation's output was up 2.0%.

The Midwest resource sector posted the largest monthly gain of the four sectors, rising 0.9% in November after having risen by 1.5% in October. The regional machinery sector's output level was unchanged in November following a 1.3% gain in October. Regional auto sector production decreased 0.9% in November after rising 2.1% in October. The Midwest steel sector's output fell 0.9% in November after having increased by 0.7% in October.

The November increase in the region's resource sector output reflected increases in food processing, and lumber and wood products. Weakness in production was detected in petroleum refining, and paper and allied products. Compared with a year ago, Midwest resource sector output was down 0.4% in November while the nation's production was unchanged.

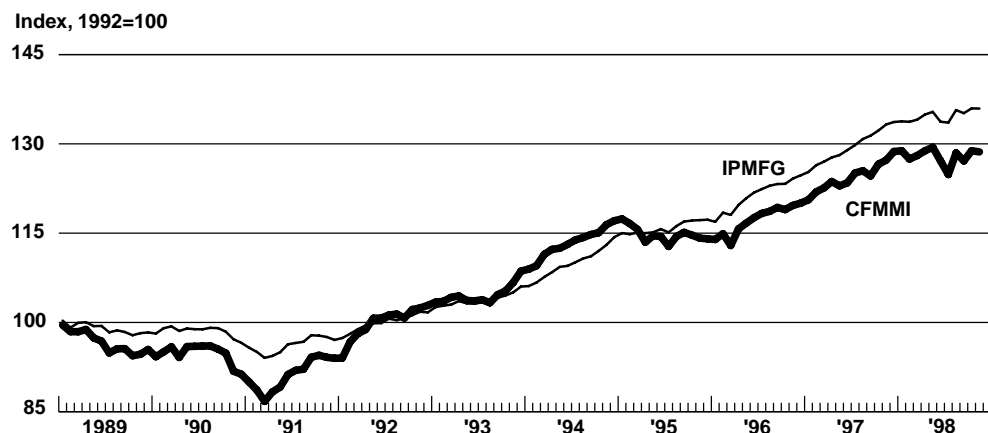
The flat growth for the Midwest machinery sector in November reflected weakness in industrial and commercial machinery offset by strength in electronic and other electrical equipment and components. In November, regional machinery output stood 5.5% above its November 1997 level. The nation's growth from the prior year was a stronger 10.3%.

The regional auto sector's decrease of 0.9% in November was greater than the 0.2% loss experienced in the nation's auto sector. The November decline in the Midwest was attributable to a drop in transportation equipment. Regional rubber and miscellaneous plastic products showed a sharp increase in November. Compared with a year earlier, Midwest auto sector output was up 1.0% in November. In contrast, the nation's auto sector output was 2.7% above November 1997.

The regional steel sector's 0.9% November decrease was smaller than the 1.1% decline nationally. The region's primary metal industries' output continued to struggle as a result of import competition, while its fabricated metals industry showed a modest increase in November. In November, Midwest steel sector output was 2.9% below a year ago, somewhat less than the nation's 4.1% decline.

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

Chicago Fed Midwest Manufacturing Index



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

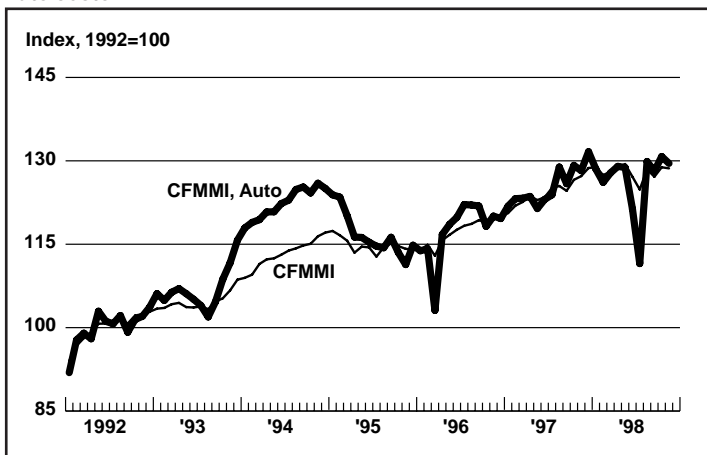
FEDERAL RESERVE BANK
 OF CHICAGO

Manufacturing output indexes – November 1998

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	-0.1	0.1	1.1
US Industrial Production-Manufacturing (IPMFG)	0.0	0.2	2.0

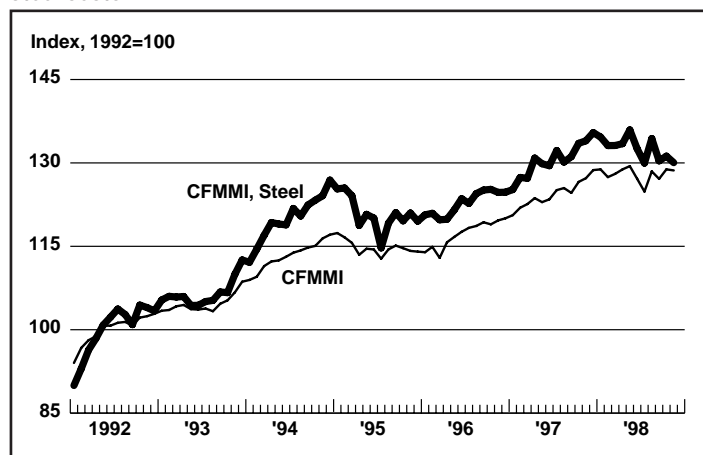
Tracking Midwest Manufacturing Activity by Sectors — November 1998

Auto Sector



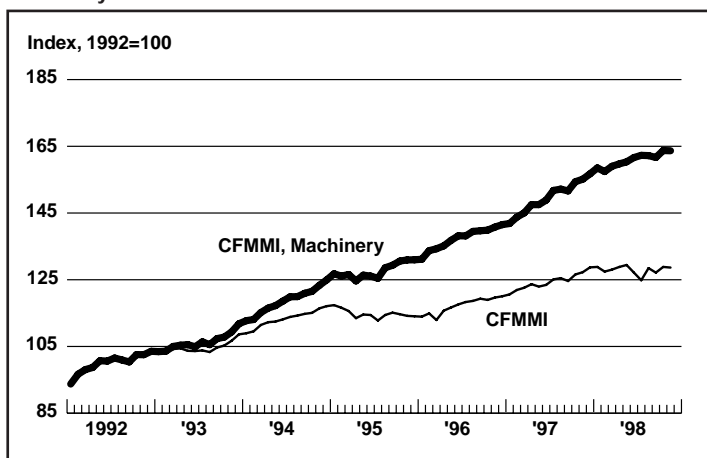
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



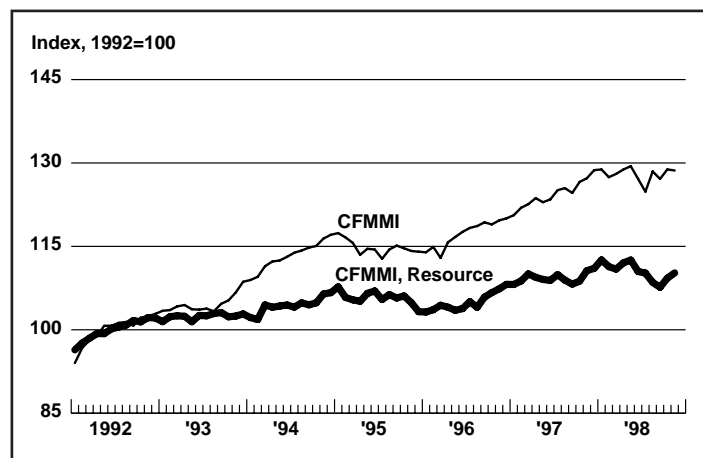
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	Sep 98	Oct 98	Nov 98	Monthly			Annual Nov 97–Nov 98
				Sep 98	Oct 98	Nov 98	
CFMMI	127.1	128.8	128.6	-1.1	1.3	-0.1	1.1
CFMMI - Auto	128.1	130.8	129.5	-1.3	2.1	-0.9	1.0
CFMMI - Steel	130.4	131.2	130.0	-3.0	0.7	-0.9	-2.9
CFMMI - Machinery	161.6	163.7	163.7	-0.3	1.3	0.0	5.5
CFMMI - Resource	107.6	109.3	110.2	-0.8	1.5	0.9	-0.4
IPMFG	135.2	136.0	135.9	-0.4	0.6	0.0	2.0

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>