

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Rises in October

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The Chicago Fed Midwest Manufacturing Index (CFMMI) rose 0.8% from September to October, to a level of 128.5 (1992=100); revised data show the index fell 1.0% in September. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) rose 0.4% in October after falling 0.5% in September. Output in the region was 1.6% above a year ago in October, while the nation's output was up 2.6%.

For only the second month this year, all four industrial subsectors recorded gains in October. The Midwest auto sector posted the largest monthly gain of the sectors, rising 1.7% in October after having fallen by 0.8% in September. The regional resource sector reported an 0.8% increase in October following a 0.6% drop in September. The regional machinery sector increased 0.7% in October after falling 0.9% in September. The Midwest steel sector had the smallest gain, rising 0.4% in October after having fallen by 2.9% in September.

The regional auto sector's increase of 1.7% in October was slightly stronger than the 1.4% gain experienced in the nation's auto sector. Compared with a year earlier, Midwest auto sector output was up 2.6% in October. In contrast, the nation's auto sector output was 5.6% above October 1997.

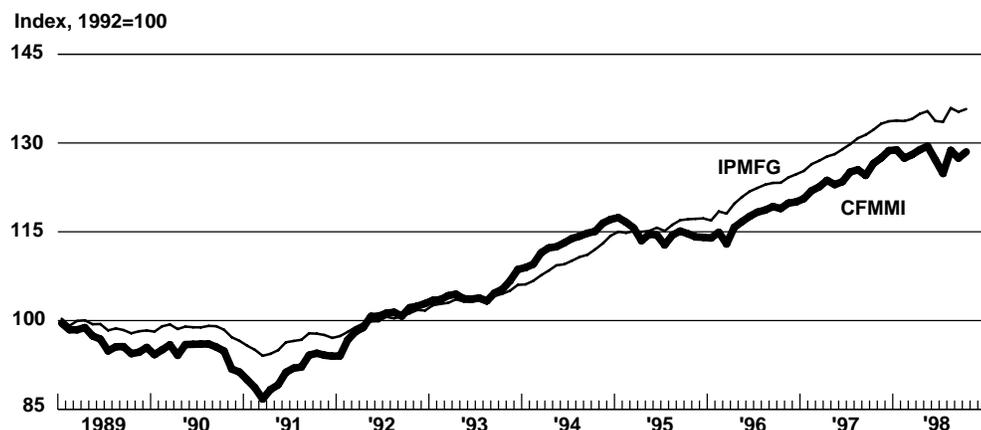
The October increase in the region's resource sector output reflected increases in food processing; petroleum refining; and lumber and wood products. Compared with a year ago, Midwest resource sector output was up 0.2% in October, virtually identical to the nation's 0.1% gain.

The gain in the Midwest machinery sector primarily reflected strong growth in electronic and other electrical equipment and components. These would include the white and brown goods industries, both of which have benefitted from record sales of both new and existing homes. In October, regional machinery output stood 4.9% above its October 1997 level. The nation's growth rate from the prior year was a stronger 9.4%.

The regional steel sector's modest 0.4% October increase exceeded the 0.1% gain nationally, and reflected strength in fabricated metal products. The region's primary metal industries' output continued to struggle as a result of import competition. In October, Midwest steel output was 2.4% below a year ago, in line with the nation's steel output 2.5% decline.

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

Chicago Fed Midwest Manufacturing Index



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

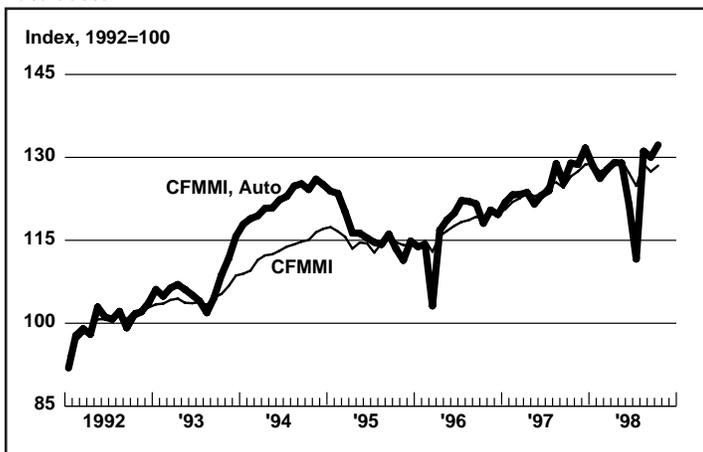
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Manufacturing output indexes – October 1998

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.8	2.9	1.6
US Industrial Production-Manufacturing (IPMFG)	0.4	1.6	2.6

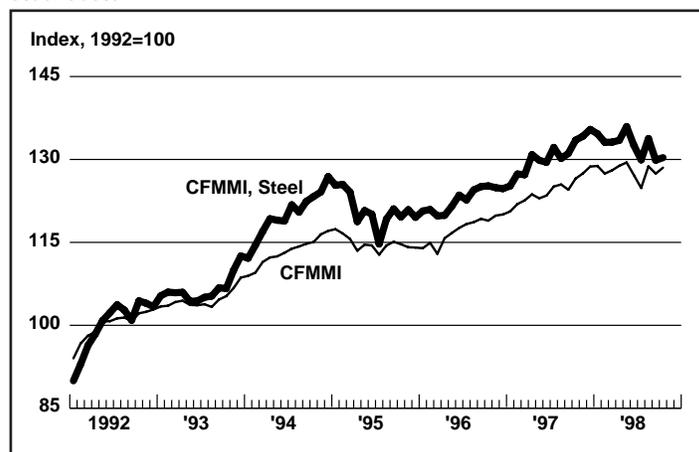
Tracking Midwest Manufacturing Activity by Sectors — October 1998

Auto Sector



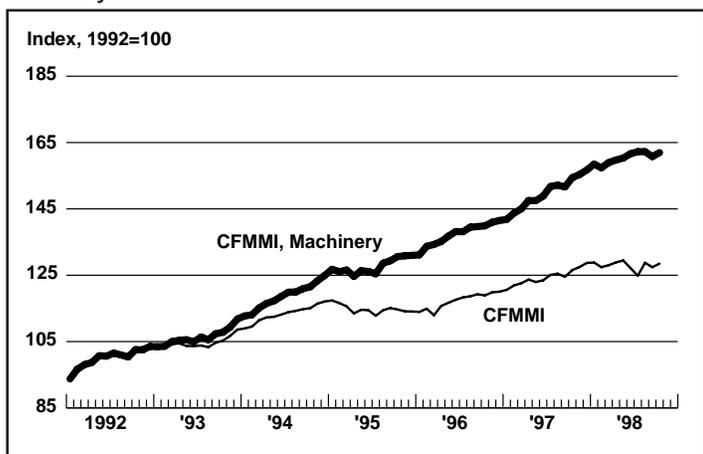
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



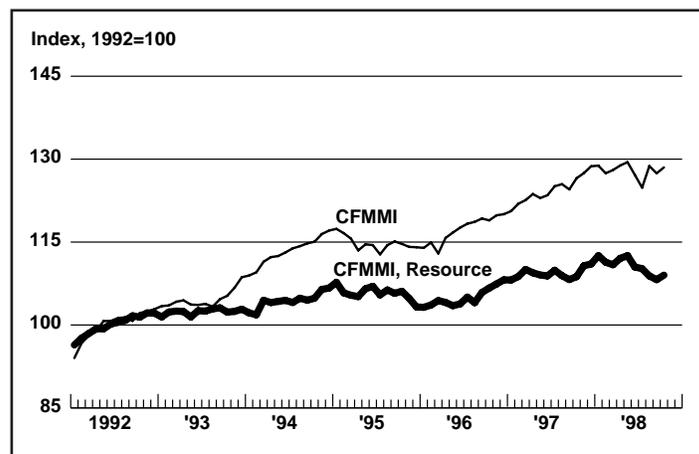
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	Aug 98	Sep 98	Oct 98	Monthly			Annual Oct 97–Oct 98
				Aug 98	Sep 98	Oct 98	
CFMMI	128.8	127.4	128.5	3.1	-1.0	0.8	1.6
CFMMI - Auto	131.1	130.0	132.3	17.5	-0.8	1.7	2.6
CFMMI - Steel	133.8	129.9	130.3	3.0	-2.9	0.4	-2.4
CFMMI - Machinery	162.2	160.8	162.0	0.0	-0.9	0.7	4.9
CFMMI - Resource	108.9	108.2	109.0	-1.2	-0.6	0.8	0.2
IPMFG	135.9	135.3	135.7	1.7	-0.5	0.4	2.6

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>