

# Chicago Fed Midwest Manufacturing Index

## Midwest Manufacturing Output Rises to a New Record in August

**Embargoed for release:  
Noon Eastern Time  
11:00 am Central Time  
October 12, 1999**

**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) rose by 0.4% from July to August, reaching a record seasonally adjusted level of 132.4 (1992=100); revised data show the index rose 0.6% in July. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) increased at the same rate as the CFMMI during both August and July. August output in the region was 3.1% higher than a year earlier. The nation's August growth from last year was nearly identical with the Midwest at 3.2%.

Of the four regional subsectors measured, the Midwest auto sector showed the strongest increase, rising 1.7% in August after having advanced by 1.2% in July. The regional steel sector was the second strongest sector in August, rising 0.4% after increasing 1.1% in the prior month. The Midwest resource sector rose 0.1% in August, following a decline of 1.3% in July. The regional machinery sector was the only subsector to experience a decline in August, falling 0.1% after gaining 1.8% in July.

The regional auto sector's increase of 1.7% in August was slightly higher than the 1.3% increase in the nation. Year-to-date light vehicle sales remained very strong through August, averaging a seasonally adjusted annual rate of 16.7 million units; this was 9.7% more units than were sold in the first eight months of 1998. Lean vehicle inventories have continued to drive strong production in the industry. Compared with an August 1998 that was still slightly affected by the GM strikes, August 1999 Midwest auto sector output was 4.9% higher. In contrast, the nation's August auto sector output was unchanged from August 1998.

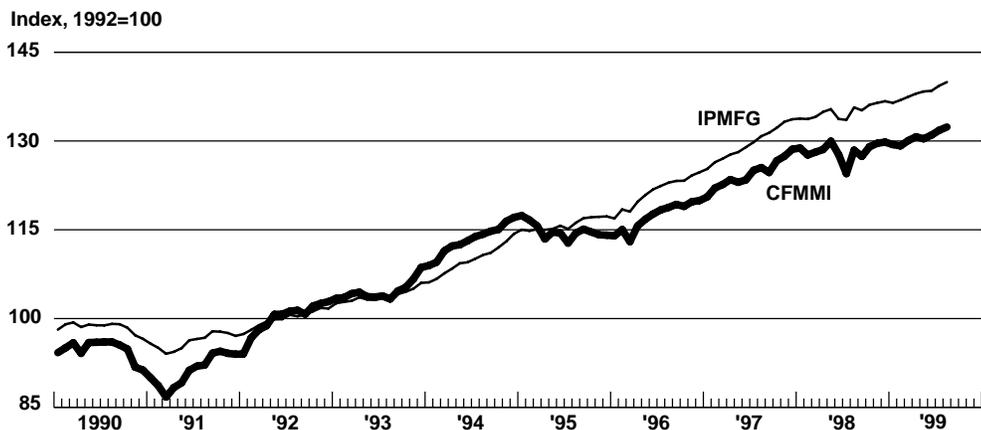
The regional steel sector's 0.4% increase in August was stronger than the 0.1% increase nationally. The Midwest steel output increase was due to gains in the primary metals industries. In August, Midwest steel sector output was 1.2% above August 1998, less than the nation's 2.1% increase. The slower Midwest steel growth compared with last year was due to an August 1998 that showed tremendous Midwest steel growth following the settlement of the GM strikes.

The August increase of 0.1% in the region's resource sector was in line with the nation's 0.2% gain. The Midwest's resource output increase reflected strong gains in chemicals and paper, offset by large decreases in petroleum, lumber and food processing. The decline in petroleum output was in part due to planned shutdowns of several production facilities for maintenance. Compared with a year ago, Midwest resource sector output was 0.8% higher in August, slightly less than the nation's 0.9% gain.

The region's machinery sector's output decline of 0.1% in August stood in sharp contrast with the nation's 0.9% increase. The regional weakness was focused in the electronic and other electrical equipment segment. In August, regional machinery output stood 5.4% above its year-ago level, while the nation was up a stronger 13.9%.

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

### Chicago Fed Midwest Manufacturing Index



**The next CFMMI will be released:  
Wednesday, November 10, 1999  
Noon Eastern Time  
11:00 am Central Time**

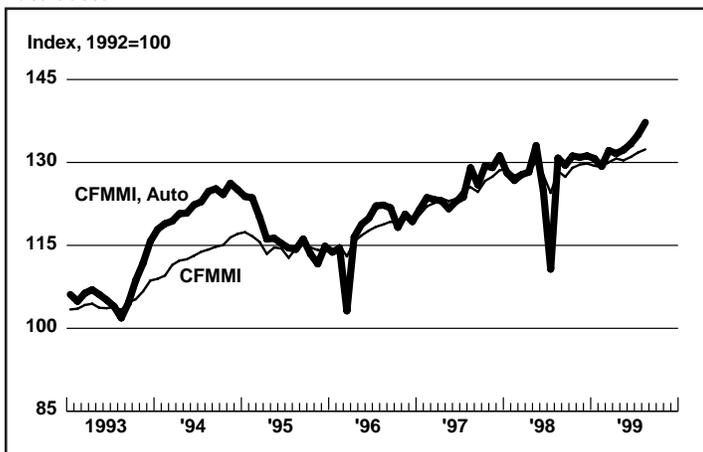
**FEDERAL RESERVE BANK  
OF CHICAGO**

### Manufacturing output indexes – August 1999

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.4	1.5	3.1
US Industrial Production-Manufacturing (IPMFG)	0.4	1.1	3.2

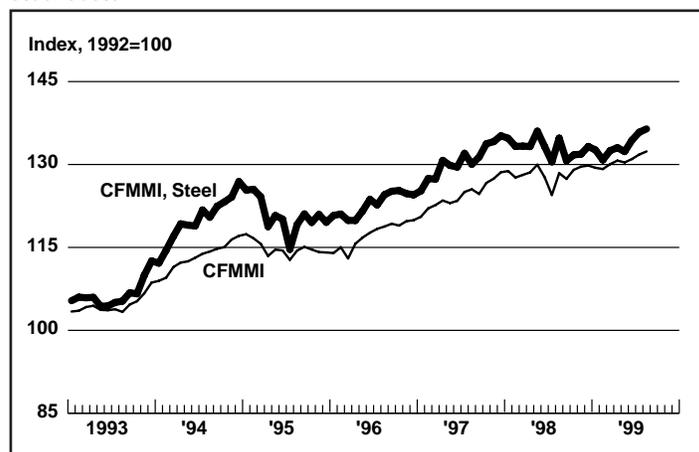
# Tracking Midwest Manufacturing Activity by Sectors — August 1999

## Auto Sector



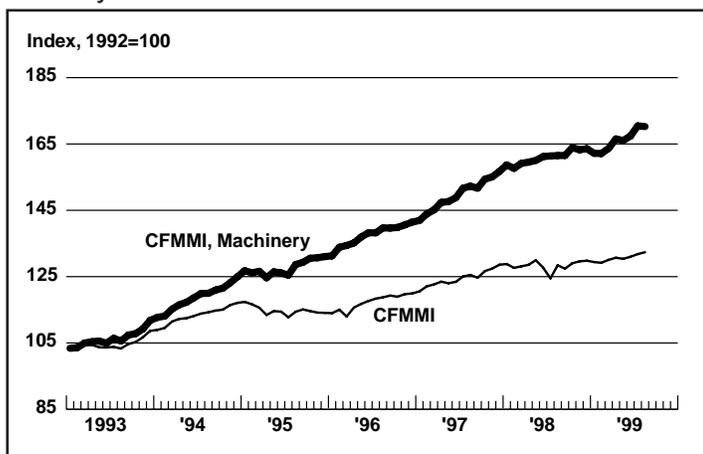
Auto Sector CFMMI Components:  
Rubber and Miscellaneous Plastics Products; Transportation Equipment

## Steel Sector



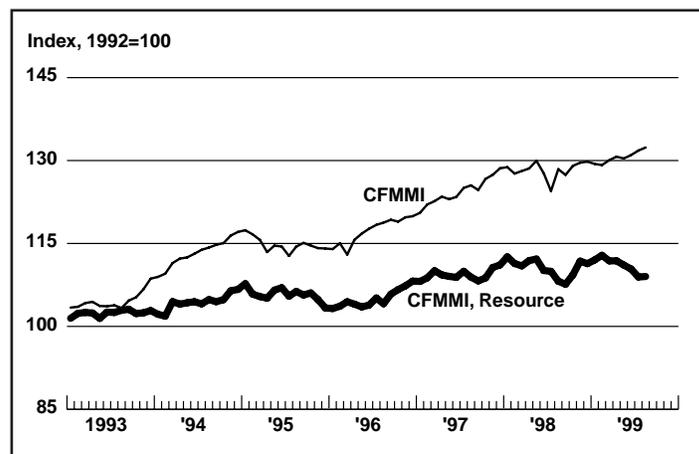
Steel Sector CFMMI Components:  
Primary Metal Industries; Fabricated Metal Products

## 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			
	Jun 99	Jul 99	Aug 99	Monthly			Annual Aug 98–Aug 99
				Jun 99	Jul 99	Aug 99	
CFMMI	131.0	131.8	132.4	0.5	0.6	0.4	3.1
CFMMI - Auto	133.4	135.0	137.3	0.8	1.2	1.7	4.9
CFMMI - Steel	134.4	135.8	136.4	1.6	1.1	0.4	1.2
CFMMI - Machinery	167.4	170.5	170.2	0.8	1.8	-0.1	5.4
CFMMI - Resource	110.4	108.9	109.0	-0.6	-1.3	0.1	0.8
IPMFG	138.5	139.3	139.9	0.1	0.6	0.4	3.2

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>