

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Gains 0.5% in October

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2000 Release Dates

- January 11**
- February 10**
- March 9**
- April 11**
- May 11**
- June 12**
- July 11**
- August 10**
- September 11**
- October 11**
- November 9**
- December 11**

The Chicago Fed Midwest Manufacturing Index (CFMMI) rose by 0.5% from September to October, reaching a record seasonally adjusted level of 135.4 (1992=100); revised data show the index fell 0.2% in September. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) increased 0.6% in October after rising 0.1% in September. October output in the region was 3.4% higher than a year earlier, compared to a slightly higher 3.7% increase nationally.

Of the four regional subsectors measured, the Midwest machinery and resource sectors showed the strongest increases, with each sector rising 1.0% in October. This followed September's 0.2% decline for the machinery sector and no change for the resource sector. The regional steel sector rose 0.8% in October after decreasing 1.0% in the prior month. The regional auto sector was the only subsector to experience a decline in October, falling 1.3% after gaining 0.1% in September.

The regional machinery sector's output gain of 1.0% in October was slightly less than the nation's 1.2% increase. The regional strength was focused in the electronic and other electrical equipment segment. In October, regional machinery output stood 7.2% above its year-ago level while the nation was up a stronger 15.0%.

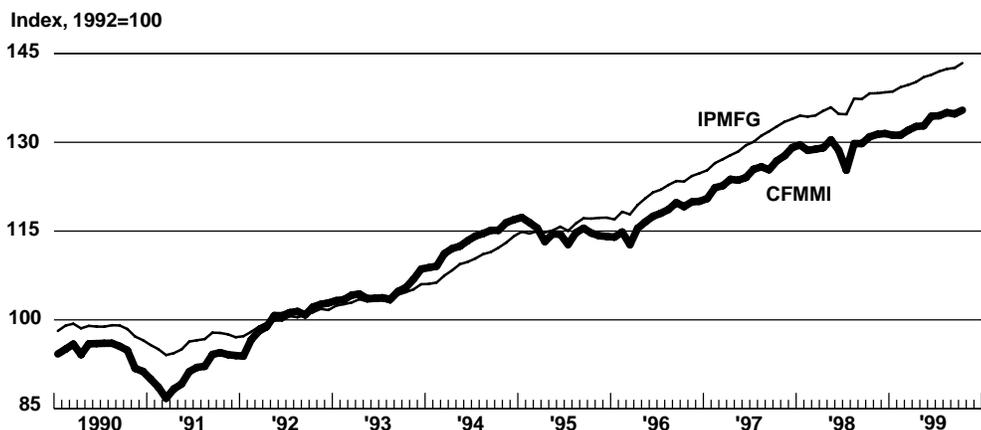
The October increase of 1.0% in the region's resource sector was stronger than the nation's 0.7% gain. The Midwest's resource output increase reflected strong gains in chemicals, petroleum, and food processing. Compared with a year ago, Midwest resource sector output was 1.0% higher in October, less than the nation's 1.7% gain.

The regional steel sector's 0.8% increase in October was lower than the 1.0% increase nationally. The Midwest steel output increase was due to gains in the primary metals industries. In October, Midwest steel sector output was 2.7% above October 1998, less than the nation's 3.4% increase. The slower Midwest steel growth may be partly due to slowing growth in regional auto production.

The regional auto sector's decrease of 1.3% in October was slightly more than the 1.0% decline in the nation. Year-to-date light vehicle sales remained very strong through October, averaging a seasonally adjusted annual rate of 16.7 million units; this was 8.7% more units than were sold in the first ten months of 1998. However, while foreign-produced vehicles were 30.7% higher than a year earlier in October, domestics were 1.2% lower. As a result, the domestic share of vehicle sales has declined 3.5 percentage points over the past year. October Midwest auto sector output was 2.5% higher than a year earlier. In contrast, the nation's October auto sector output was 1.8% lower than October 1998.

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

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**The next CFMMI will be released:
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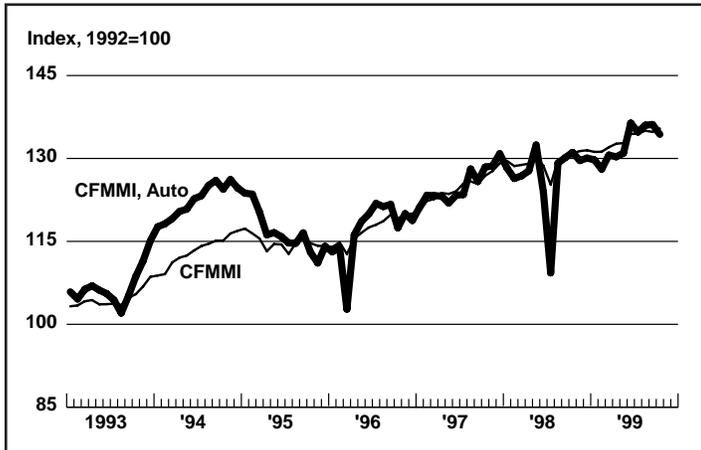
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Manufacturing output indexes – October 1999

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	0.5	0.7	3.4
US Industrial Production-Manufacturing (IPMFG)	0.6	1.0	3.7

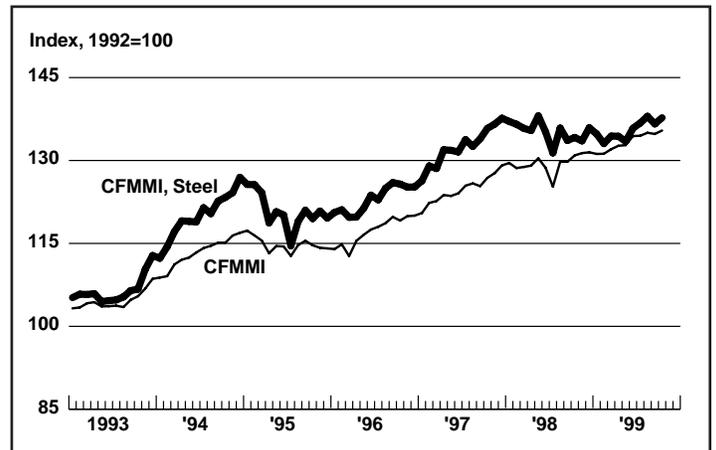
Tracking Midwest Manufacturing Activity by Sectors — October 1999

Auto Sector



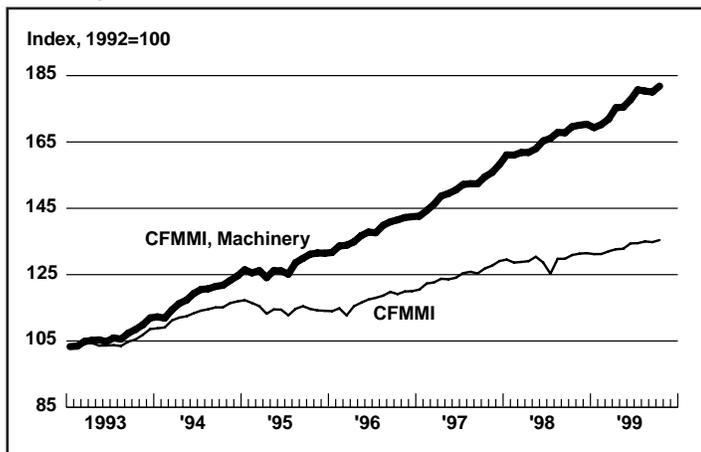
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



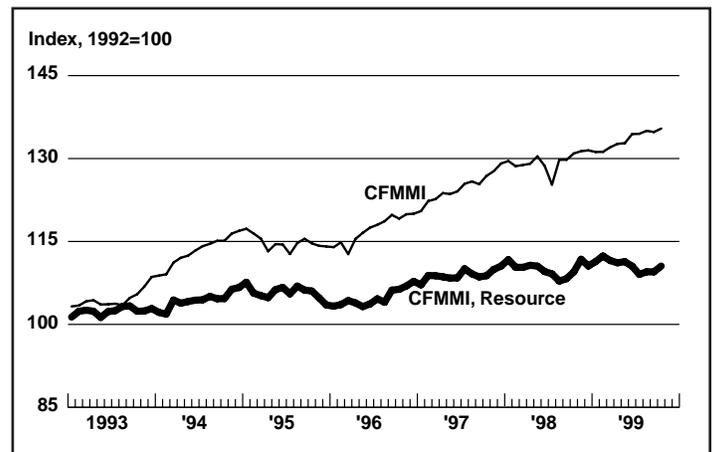
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	Aug 99	Sep 99	Oct 99	Monthly			Annual Oct 98–Oct 99
				Aug 99	Sep 99	Oct 99	
CFMMI	135.0	134.8	135.4	0.4	-0.2	0.5	3.4
CFMMI - Auto	136.0	136.1	134.4	0.9	0.1	-1.3	2.5
CFMMI - Steel	138.0	136.6	137.7	0.9	-1.0	0.8	2.7
CFMMI - Machinery	180.3	180.1	181.8	-0.2	-0.2	1.0	7.2
CFMMI - Resource	109.5	109.5	110.5	0.4	0.0	1.0	1.0
IPMFG	142.4	142.6	143.4	0.3	0.1	0.6	3.7

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>