

# Chicago Fed Midwest Manufacturing Index

## Midwest Manufacturing Output Down in September

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The Chicago Fed Midwest Manufacturing Index (CFMMI) fell 0.8% from August to September, reaching a seasonally adjusted level of 131.7 (1992=100). Revised data show the index hit a record high of 132.7 in August, and had risen 0.6% from July. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) decreased 0.2% in September, after increasing 0.5% in August. September output in the region was 3.3% higher than a year earlier, while output in the nation was 3.2% higher.

Output in three of the four CFMMI sub-sectors decreased in September, and output in the fourth sub-sector was unchanged. The automotive sector had the largest decrease in September, down 2.3%, following a revised increase of 1.2% in August. Output in the steel sector decreased 1.3%, after it had increased 0.6% in the month before. Midwest machinery sector output fell 0.3% in September, after it rose 0.6% in August. Resource sector output was unchanged in September, following a revised 0.3% increase in August.

Auto output fell in September, but it remained at high levels. A 2.3% decrease in Midwest automotive output was larger than the 1.1% decline in automotive output for the nation. Hurricane Floyd is one possible reason for the decrease in output; at least two facilities in the Midwest had to halt assembly lines temporarily because of supply chain problems. Regional automotive output was 2.9% above last year's level and national output was 1.9% below its September 1998 level.

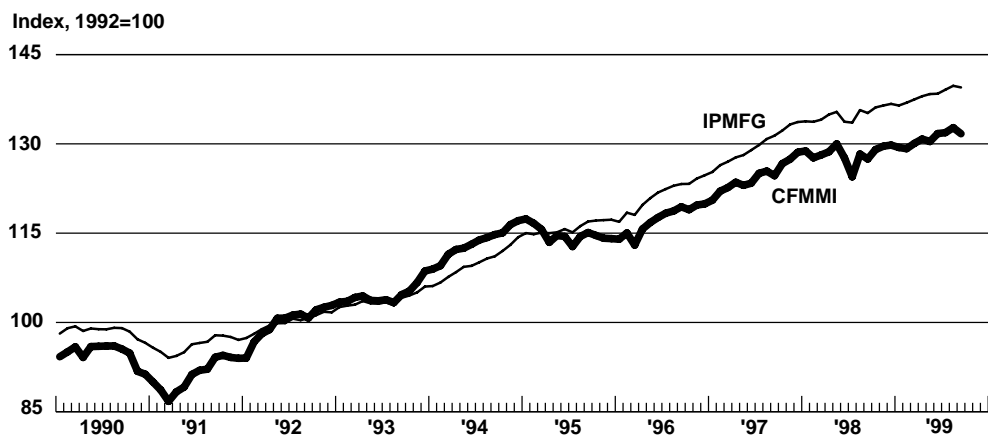
Regional steel output declined 1.3% in September, roughly twice as much as the 0.6% drop in national steel output. A large decrease in primary metal industries and a smaller decrease in fabricated metal industries led to the decline in regional output. However, regional steel output was 2.8% above its September 1998 level and national steel output was 3.5% above last year.

For the third consecutive month, Midwest machinery output growth lagged national machinery output growth. Midwest machinery output fell 0.3% from August to September, while national machinery output rose 0.3%. The industrial machinery segment was noticeably weak. Despite the month-over-month declines in output, regional machinery output was up 6.2% from last year. National output was 13.0% above last year's level.

Midwest resource output was unchanged in September while resource output for the nation grew 0.1%. Midwest resource output growth has been less than national resource output growth every month since April. Petroleum industries continue to be a weak spot for the region as production problems and a fire adversely affected output at a few facilities. Conversely, food industries had a turnaround in September. Compared with a year ago, Midwest resource output was 1.8% higher in September, and national resource output was 2.2% higher.

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

### Chicago Fed Midwest Manufacturing Index



**The next CFMMI will be released:  
Thursday, December 9, 1999  
Noon Eastern Time  
11:00 am Central Time**

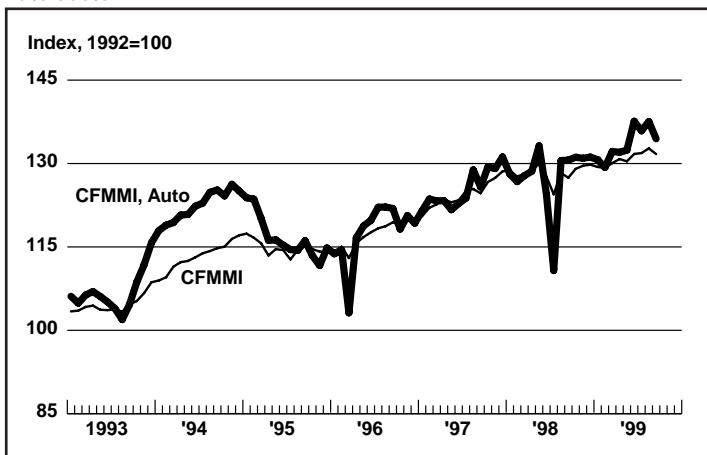
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### Manufacturing output indexes – September 1999

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	-0.8	0.0	3.3
US Industrial Production-Manufacturing (IPMFG)	-0.2	0.8	3.2

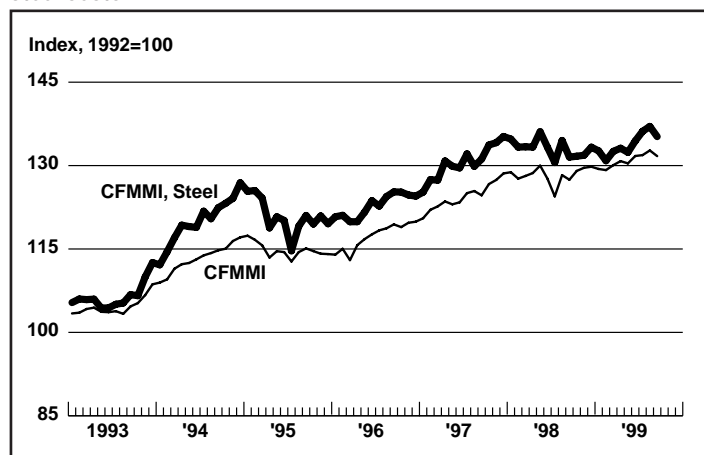
# Tracking Midwest Manufacturing Activity by Sectors — September 1999

## Auto Sector



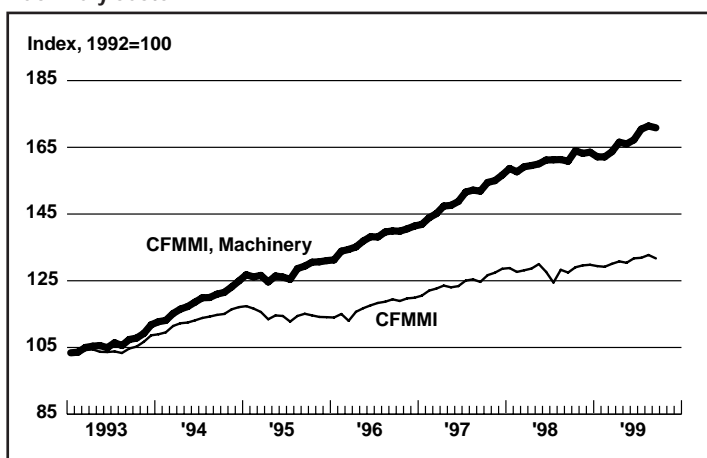
Auto Sector CFMMI Components:  
Rubber and Miscellaneous Plastics Products; Transportation Equipment

## Steel Sector



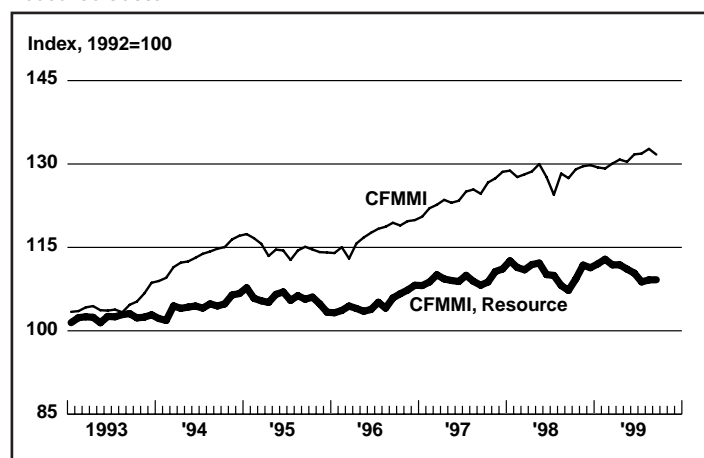
Steel Sector CFMMI Components:  
Primary Metal Industries; Fabricated Metal Products

## 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			
	Jul 99	Aug 99	Sep 99	Monthly			Annual Sep 98-Sep 99
				Jul 99	Aug 99	Sep 99	
CFMMI	131.9	132.7	131.7	0.1	0.6	-0.8	3.3
CFMMI - Auto	135.9	137.6	134.4	-1.3	1.2	-2.3	2.9
CFMMI - Steel	136.2	137.0	135.2	1.3	0.6	-1.3	2.8
CFMMI - Machinery	170.4	171.4	170.8	1.9	0.6	-0.3	6.2
CFMMI - Resource	108.8	109.2	109.2	-1.4	0.3	0.0	1.8
IPMFG	139.1	139.7	139.5	0.5	0.5	-0.2	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>