

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Declines Sharply in December

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The Chicago Fed Midwest Manufacturing Index (CFMMI) fell 2.9% from November to December, reaching a seasonally adjusted level of 165.5 (1992=100). Revised data show the index was at 170.4 in November, and had fallen 0.9% from October. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) declined 1.1% in December after having fallen by 0.6% in November. December output in the region was 1.6% higher than a year earlier, while output in the nation was 2.6% higher. May 1999 is the last time Midwest manufacturing growth from a year earlier was less than the nation's.

Output in all four CFMMI sub-sectors declined in December. Regional steel sector output experienced the sharpest decline, falling 6.8% in December following a 1.1% drop the previous month. Midwest auto sector output fell 6.3% in December, compared with a 3.5% decrease in November. The Midwest resource sector's output was down 1.6% in December after falling 1.1% the prior month. Output in the regional machinery sector fell 1.0% in December, following a 0.4% increase the month before.

Regional steel output decreased by 6.8% in December, while steel sector output fell 3.8% nationally. Midwest steel output has fallen in seven of the past eight months. Declines in vehicle production appear to be pulling steel production down more in the Midwest than nationally. Regional steel output was 10.4% below its December 1999 level, compared with a 5.6% decrease in the nation.

Midwest automotive output fell 6.3% in December while the nation's auto output declined 2.4%. This was the fifth decline in six months for the regional auto sector. Production continues to be cut in this sector in response to a slower selling pace for vehicles. Midwest automotive output was 12.2% below last year's level while national output was 6.4% lower.

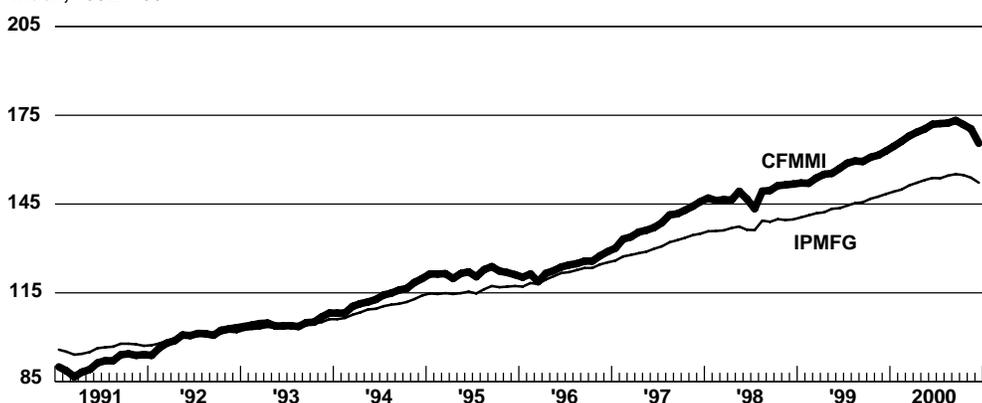
The Midwest resource sector's output decreased 1.6% in December, while the nation's resource sector fell by 1.1%. The weakness in the region was reflected across all industries included in the resource sector with the exception of petroleum refining. Compared with a year ago, Midwest resource output was 3.6% lower in December and national output was down 1.9%.

Midwest machinery output fell 1.0% in December, while national machinery output rose 0.5%. Relative to a year ago, the machinery sector continued to outperform other sectors in both the region and the nation, with regional output 16.7% higher and national output up 26.2%.

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

Chicago Fed Midwest Manufacturing Index

Index, 1992=100



The next CFMMI will be released:
 March 12, 2001
 Noon Eastern Time
 11:00 am Central Time

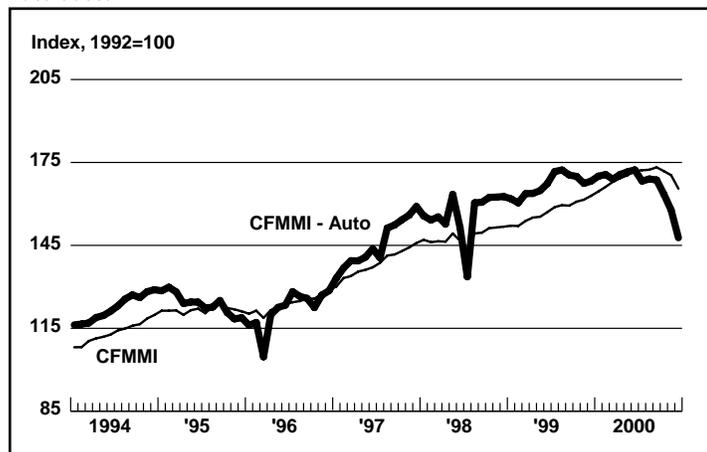
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Manufacturing output indexes – December 2000

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	-2.9	-4.5	1.6
US Industrial Production-Manufacturing (IPMFG)	-1.1	-1.9	2.6

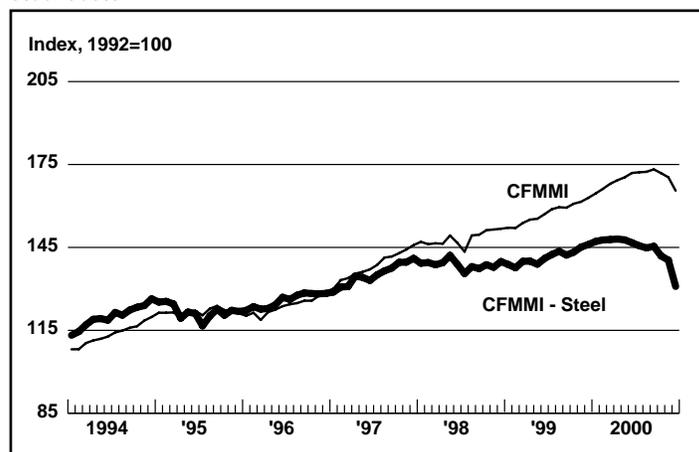
Tracking Midwest Manufacturing Activity by Sectors — December 2000

Auto Sector



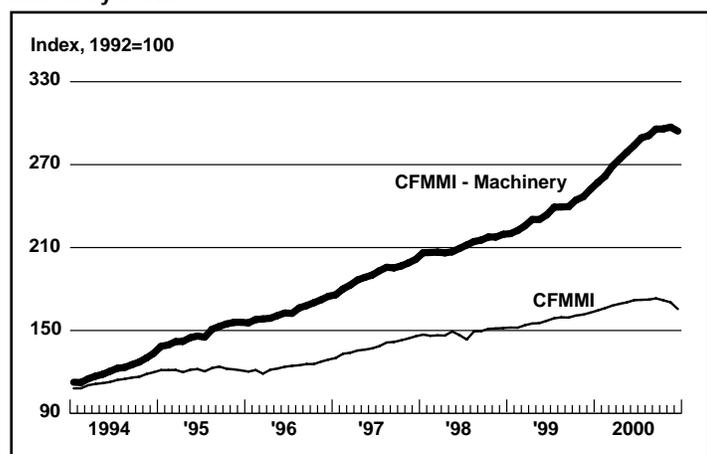
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



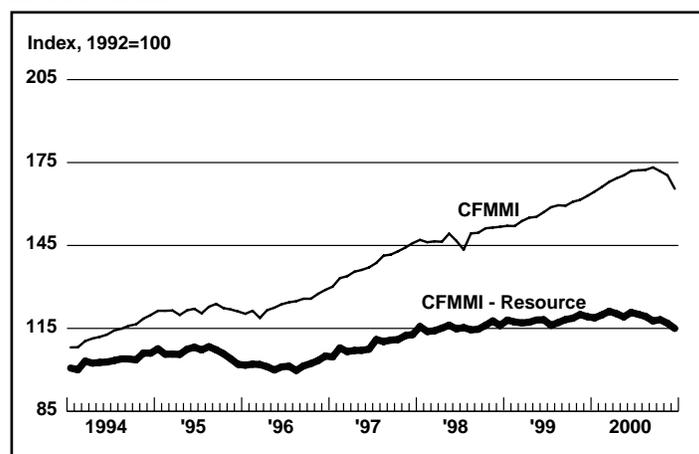
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	Oct 00	Nov 00	Dec 00	Monthly			Annual Dec 99–Dec 00
				Oct 00	Nov 00	Dec 00	
CFMMI	171.9	170.4	165.5	-0.8	-0.9	-2.9	1.6
CFMMI - Auto	163.5	157.8	147.8	-3.0	-3.5	-6.3	-12.2
CFMMI - Steel	141.9	140.4	130.9	-2.4	-1.1	-6.8	-10.4
CFMMI - Machinery	295.8	297.2	294.3	0.0	0.4	-1.0	16.7
CFMMI - Resource	118.1	116.9	115.0	0.4	-1.1	-1.6	-3.6
IPMFG	154.8	153.9	152.2	-0.2	-0.6	-1.1	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.chicagofed.org>