Midwest manufacturing output increases in January

The Chicago Fed Midwest Manufacturing Index (CFMMI) rose 0.6% from December to January, reaching a seasonally adjusted level of 136.4 (1992=100). Revised data show the index was at 135.5 in December, and had risen 0.2% from November. The Federal Reserve Board’s industrial production index for manufacturing (IPMFG) increased 0.9% in January, after rising 0.2% in December. January output in the region was 4.9% higher than a year earlier, while output in the nation was 5.8% higher.

Output in all four CFMMI sub-sectors increased in January. The last time all four sectors expanded was in October 1998. The regional automotive sector had the strongest output gain in January, up 1.3%, following an increase of 0.1% in the month. Resource sector output rose by 0.6% in January, following a revised 0.7% decrease in December. Midwest machinery sector output rose 0.5% in January, compared with a 0.9% increase in December. Output in the steel sector rose 0.5%, following a 0.3% increase the month before.

The 1.3% gain in Midwest automotive output in January was a bit lower than the 1.5% increase nationally. Regional automotive output was 3.9% above last year’s level while national output was 0.9% above its January 1999 level. The relatively better performance of domestic passenger car sales compared with the past few years has benefited the Midwest, which has a greater concentration of passenger car production.

The Midwest resource sector’s output increased 0.6% in January from December, while the nation’s resource sector expanded by 0.4% in January. Growth in petroleum and food output led the increase in regional resource output. Compared with a year ago, Midwest resource output was 0.8% higher in January and national resource output was 2.2% higher.

Midwest machinery output growth continued to lag behind the nation’s. Midwest machinery output increased 0.5% from December to January, while national machinery output rose 2.5%. Growth in the industrial machinery segment was stronger than growth in the electric equipment and instrument segment for the region. Relative to a year ago, the machinery sector continued to outperform other sectors in the region and the nation, with regional output 10.0% above last year’s level and national output up 20.1% from a year earlier.

Regional steel output increased 0.5% in January, just a bit higher than the increase in national steel output, 0.4%. This was the fourth consecutive month that regional output growth exceeded the nation’s gain. An increase in fabricated metals sector output led the way for the steel sector. Regional steel output was 4.6% above its January 1999 level and national steel output was 3.3% greater than last year.

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Tracking Midwest Manufacturing Activity by Sectors — January 2000

Auto Sector
Index, 1992=100

Steel Sector
Index, 1992=100

Machinery Sector
Index, 1992=100

Resource Sector
Index, 1992=100

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

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

Machinery Sector CFMMI Components:
Industrial Machinery and Equipment; Electronic and Other Electric Equipment; Instruments and Related Products

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

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<th>Nov 99</th>
<th>Dec 99</th>
<th>Jan 00</th>
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<th>Jan 00</th>
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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