Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output in December Falls for the Fifth Consecutive Month

The Chicago Fed Midwest Manufacturing Index (CFMMI) fell 0.5% from November to December, reaching a seasonally adjusted level of 145.0 (1992=100). Revised data show the index was at 145.8 in November and declined 0.1% from October. The Federal Reserve Board’s industrial production index for manufacturing (IPMFG) fell by 0.1% in December after decreasing 0.2% in November. December output in the region was 10.9% lower than a year earlier, while output in the nation was down 5.9%. Manufacturing output in the region peaked in June 2000 and has declined by 15.5% since then. Output in the nation also peaked in June 2000 and has fallen 7.8% since then.

Output in three of the four CFMMI sub-sectors fell in December. Midwest steel sector output posted the largest decrease, falling 2.1% in December after declining 1.5% the month prior. Output in the regional machinery sector fell 0.6%, matching the 0.6% loss in the month before. The Midwest resource sector’s output fell 0.6% after decreasing 0.1% in November. The regional auto sector output was the only sector to post an increase, rising 0.7% in December after output increased 3.1% the previous month.

The beleaguered U.S. steel industry has struggled for several years, with many firms moving into bankruptcy and/or shuttering their plant operations. Regional steel output decreased by 2.1% in December, the third consecutive month that Midwest steel output losses were the largest of the four sub-sectors. National steel output was down 0.6% in December. Regional steel output was 13.2% below its December 2000 level, compared with a 9.9% decrease in the nation.

Midwest machine output fell 0.6% in December, while the nation’s output decreased 0.2%. Regional machinery output in December was down 16.6% from a year earlier, while national machinery output fell 13.8%.

The Midwest resource sector’s output decreased 0.6% in December, while output in the nation’s resource sector fell 0.4%. Output in the regional chemical, petroleum and food industries registered the largest declines. Compared with a year ago, Midwest resource output was 4.2% lower in December and national output was down 1.0%.

With vehicle inventories extremely low, Midwest automotive output rose 0.7% in December, its second consecutive increase, while the nation’s auto output was up 1.3%. Midwest automotive output was 0.9% below last year’s level while national output was 0.8% lower.

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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