

# Chicago Fed Midwest Manufacturing Index

## Midwest Manufacturing Output in December Falls for the Fifth Consecutive Month

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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 machinery 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%.

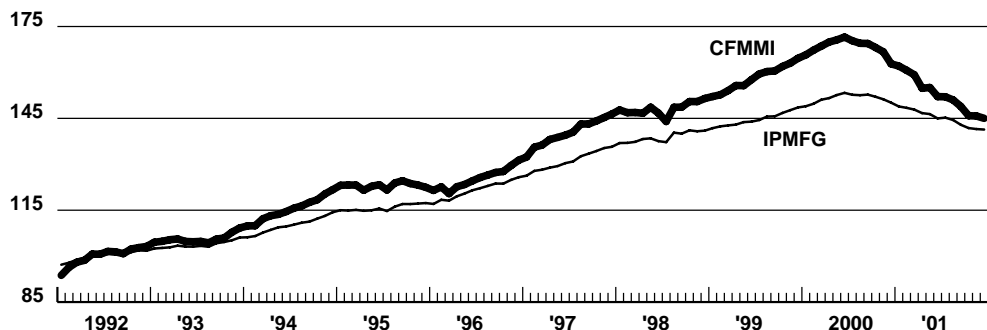
The Midwest resource sector's output decreased 0.6% in December, while output in the nation's resource sector fell 0.4%. Output in the regional chemical, petroleum and food industries registered the largest declines. Compared with a year ago, Midwest resource output was 4.2% lower in December and national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

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

### Chicago Fed Midwest Manufacturing Index

Index, 1992=100  
205



**The next CFMMI will be released:  
March 11, 2002  
Noon Eastern Time  
11:00 am Central Time**

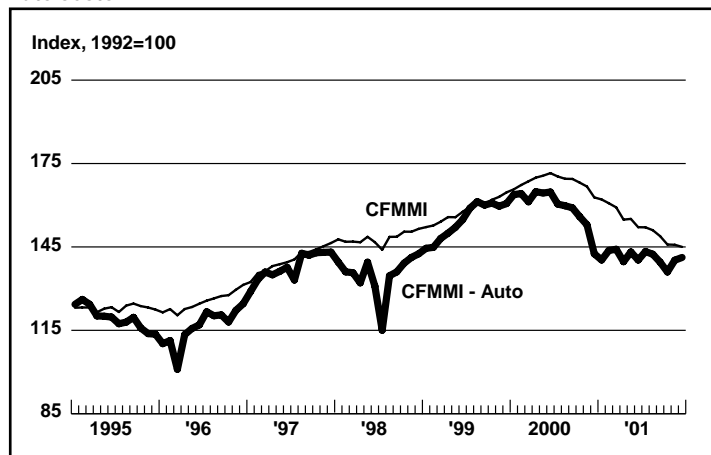
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### Manufacturing output indexes – December 2001

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	-0.5	-2.6	-10.9
US Industrial Production-Manufacturing (IPMFG)	-0.1	-1.1	-5.9

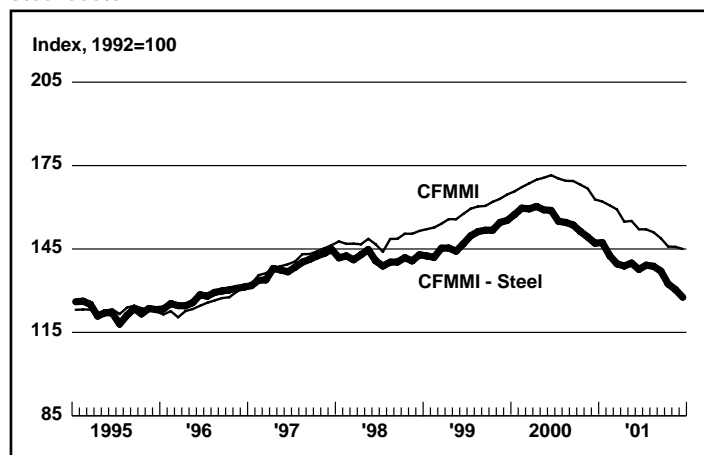
# Tracking Midwest Manufacturing Activity by Sectors — December 2001

## Auto Sector



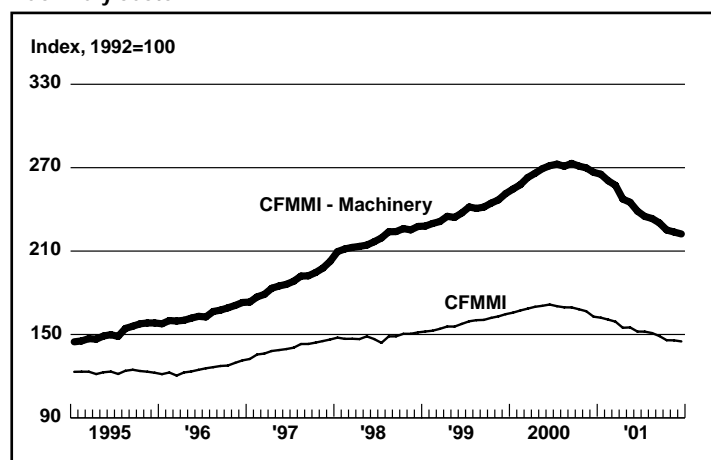
Auto Sector CFMMI Components:  
Rubber and Miscellaneous Plastics Products; Transportation Equipment

## Steel Sector



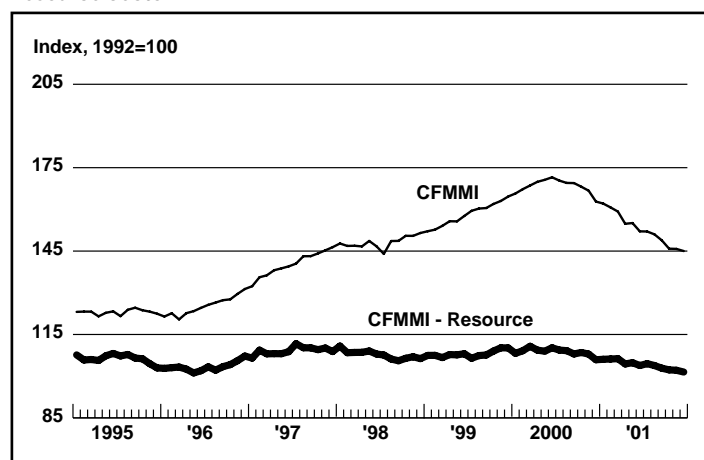
Steel Sector CFMMI Components:  
Primary Metal Industries; Fabricated Metal Products

## 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 01	Nov 01	Dec 01	Monthly			Annual Dec 00–Dec 01
				Oct 01	Nov 01	Dec 01	
CFMMI	145.9	145.8	145.0	-2.0	-0.1	-0.5	-10.9
CFMMI - Auto	136.0	140.2	141.2	-2.5	3.1	0.7	-0.9
CFMMI - Steel	132.4	130.4	127.6	-3.4	-1.5	-2.1	-13.2
CFMMI - Machinery	225.1	223.7	222.3	-2.2	-0.6	-0.6	-16.6
CFMMI - Resource	102.3	102.1	101.5	-0.6	-0.1	-0.6	-4.2
IPMFG	141.8	141.5	141.3	-0.7	-0.2	-0.1	-5.9

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>