

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Falls in February

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The Chicago Fed Midwest Manufacturing Index (CFMMI) fell 1.3% from January to February, reaching a seasonally adjusted level of 162.5 (1992=100). Revised data show the index was at 164.7 in January, and had fallen 0.2% from December. February was the fifth consecutive month that the CFMMI declined. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) declined 0.4% in February after falling 0.6% in January. February output in the region was 1.2% lower than a year earlier, while output in the nation was 0.9% higher. The last time the CFMMI was lower than a year earlier was five years ago.

Output in three of the four CFMMI sub-sectors fell in February; only auto sector output increased. Regional steel sector output experienced the largest decline, falling 2.2% in February after output was unchanged the previous month. Output in the regional machinery sector decreased 1.4% in February, following a 0.4% gain the month before. The Midwest resource sector's output was down 1.3% in February, after falling 0.1% the prior month. Midwest auto sector output rose 0.5% in February, compared with a large 3.0% decrease in January.

Regional steel output decreased by 2.2% in February, while steel sector output fell 1.1% nationally. The Midwest steel sector's output has fallen in nine of the past ten months. Both primary and fabricated metals posted large output declines in February. Regional steel output was 10.5% below its February 2000 level, compared with a 5.2% decrease in the nation.

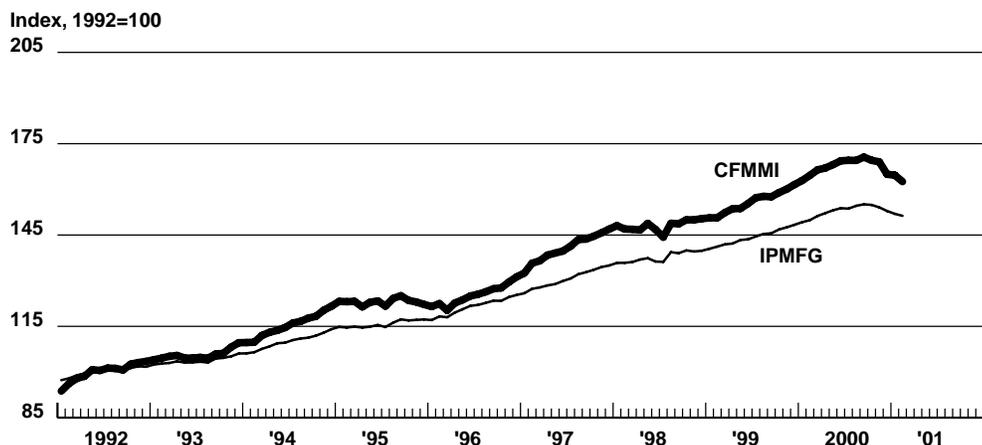
Midwest machinery output fell 1.4% in February, while the nation's output was unchanged from the prior month. Relative to a year ago, the machinery sector continued to outperform other sectors in both the region and the nation, with regional output 8.1% higher and national output up 21.1%. These growth rates however are much slower than those registered in mid-2000.

The Midwest resource sector's output decreased 1.3% in February, while output in the nation's resource sector fell 0.2%. The weakness in the region was concentrated in the stone, clay, glass and concrete; paper; food; and chemical industries. Compared with a year ago, Midwest resource output was 6.2% lower in February and national output was down 2.3%.

Midwest automotive output rose 0.5% in February while the nation's auto output declined 0.6%. This was the first increase in five months for the regional auto sector. The Midwest has a greater concentration in the production of passenger cars where inventories in February were in much better shape than those for light trucks. Midwest automotive output was 13.7% below last year's level while national output was 9.5% lower.

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

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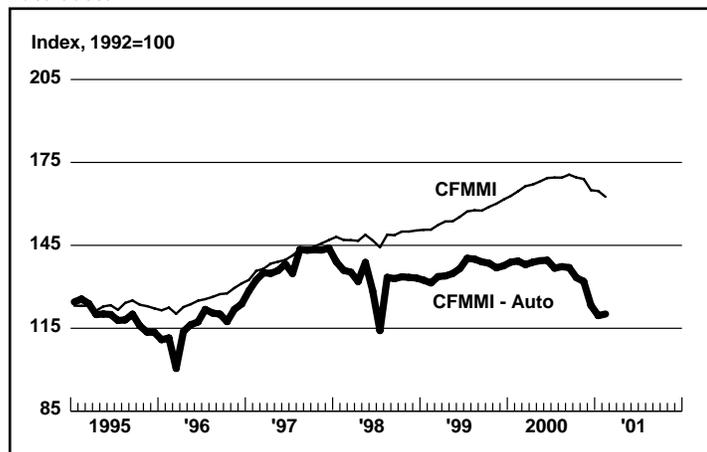
**The next CFMMI will be released:
May 10, 2001
Noon Eastern Time
11:00 am Central Time**

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| Manufacturing output indexes – February 2001 | percent change from | | |
|---|---------------------|--------------|------------|
| | 1 month ago | 3 months ago | 1 year ago |
| Chicago Fed Midwest Manufacturing Index (CFMMI) | -1.3 | -3.8 | -1.2 |
| US Industrial Production-Manufacturing (IPMFG) | -0.4 | -1.8 | 0.9 |

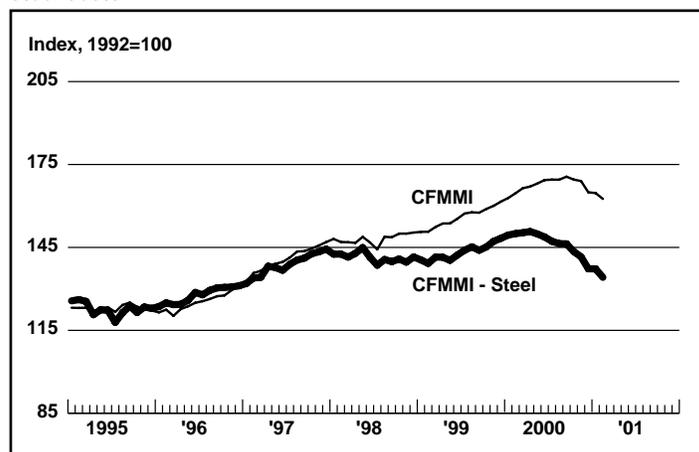
Tracking Midwest Manufacturing Activity by Sectors — February 2001

Auto Sector



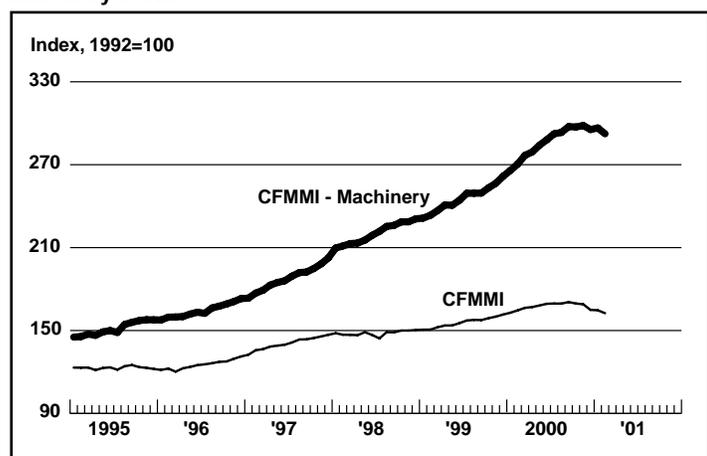
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



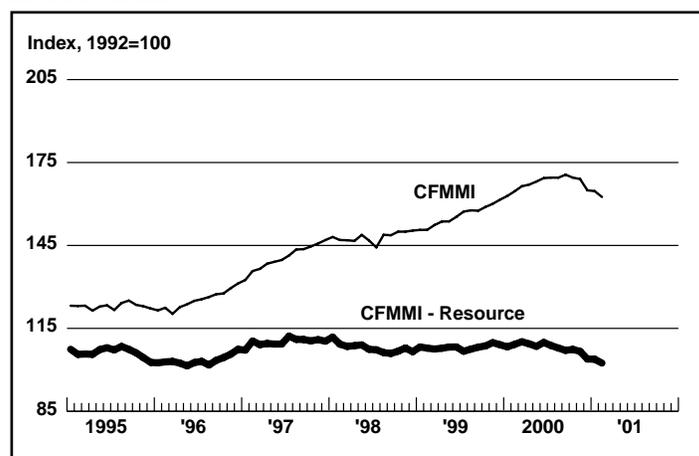
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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 | | | |
|-------------------|-----------------|--------|--------|----------------|--------|--------|-------------------------|
| | Dec 00 | Jan 01 | Feb 01 | Monthly | | | Annual Feb 00–Feb 01 |
| | | | | Dec 00 | Jan 01 | Feb 01 | |
| CFMMI | 164.9 | 164.7 | 162.5 | -2.4 | -0.2 | -1.3 | -1.2 |
| CFMMI - Auto | 123.2 | 119.6 | 120.2 | -6.6 | -3.0 | 0.5 | -13.7 |
| CFMMI - Steel | 137.3 | 137.2 | 134.2 | -3.1 | 0.0 | -2.2 | -10.5 |
| CFMMI - Machinery | 295.4 | 296.6 | 292.4 | -1.0 | 0.4 | -1.4 | 8.1 |
| CFMMI - Resource | 103.9 | 103.8 | 102.4 | -2.6 | -0.1 | -1.3 | -6.2 |
| IPMFG | 152.9 | 152.0 | 151.3 | -0.8 | -0.6 | -0.4 | 0.9 |

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>