

Chicago Fed Midwest Manufacturing Index

Midwest Harder Hit by Manufacturing Decline

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**Contact: Suzanne Heffner
Senior Manager, Media Relations
312-322-5108**

**Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, IL 60604**

Although manufacturing continues to fall in both the nation and the Midwest, the Midwest is absorbing the brunt of the slowdown, according to the Chicago Fed Midwest Manufacturing Index (CFMMI). The CFMMI dropped 1.9% from May to June, reaching a seasonally adjusted level of 153.5 (1992=100). Revised data show the index was at 156.4 in May and had risen 0.2% from April. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) fell 0.8% in June after falling 0.5% in May. June output in the region was 9.4% lower than a year earlier, while output in the nation was 4.2% lower. The region's decline from a year earlier was the largest since March 1991.

Output in all four CFMMI sub-sectors fell in June. Regional steel sector output experienced the largest decline, falling 3.1% in June after output rose by 0.6% the previous month. Output in the regional machinery sector decreased 2.2% in June, following a 0.4% loss the month before. The Midwest resource sector's output fell 1.9% in June after decreasing 0.2% in May. Midwest auto sector output was down 0.8% in June after rising 2.9% the prior month.

Regional steel output decreased by 3.1% in June, while steel sector output declined 1.2% nationally. The Midwest steel sector's output has fallen in 12 of the past 14 months. Regional steel output was 14.4% below its June 2000 level, compared with a 9.0% decrease in the nation.

Midwest machinery output fell 2.2% in June, while the nation's output decreased 1.8% from the prior month. Regional machinery output was down 7.3% from a year earlier, while national machinery output fell 1.6%.

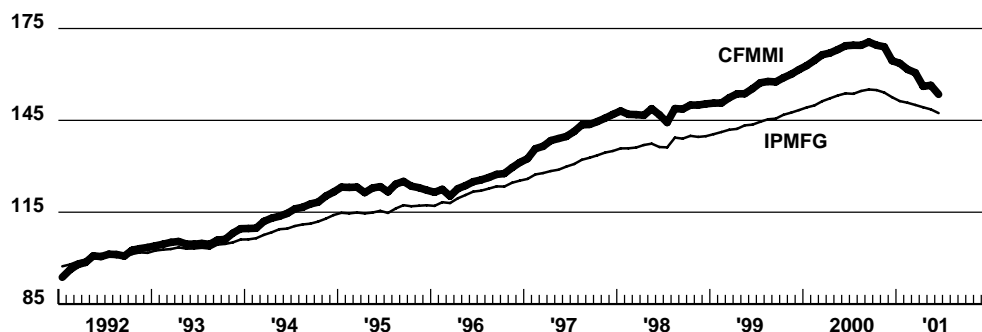
The Midwest resource sector's output decreased 1.9% in June, while output in the nation's resource sector fell 0.7%. The weakness in the region was concentrated in the food; stone, clay, glass and concrete; lumber; and chemicals industries. Compared with a year ago, Midwest resource output was 9.2% lower in June and national output was down 4.2%.

Midwest automotive output fell 0.8% in June while the nation's auto output declined 1.0%. The regional decline followed a strong 2.9% increase in May. Midwest auto sector output has risen in three of the past five months. The June declines in output were primarily concentrated in the transportation equipment sector, while rubber output fell only slightly. Midwest automotive output was 13.1% below last year's level while national output was 6.1% lower.

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

Chicago Fed Midwest Manufacturing Index

Index, 1992=100
205



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

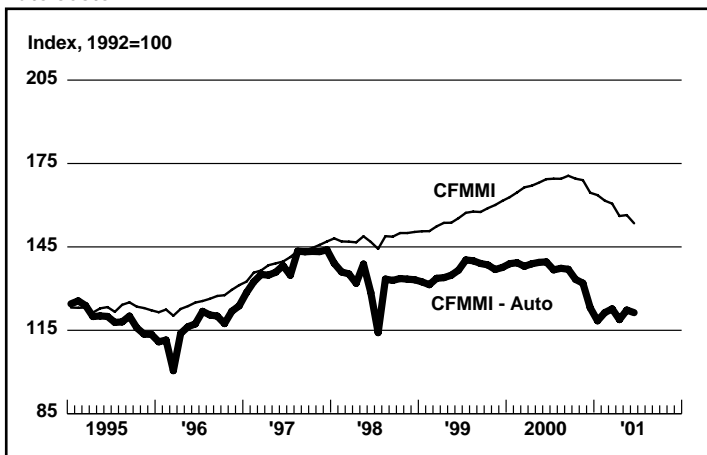
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Manufacturing output indexes – June 2001

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	-1.9	-4.4	-9.4
US Industrial Production-Manufacturing (IPMFG)	-0.8	-1.8	-4.2

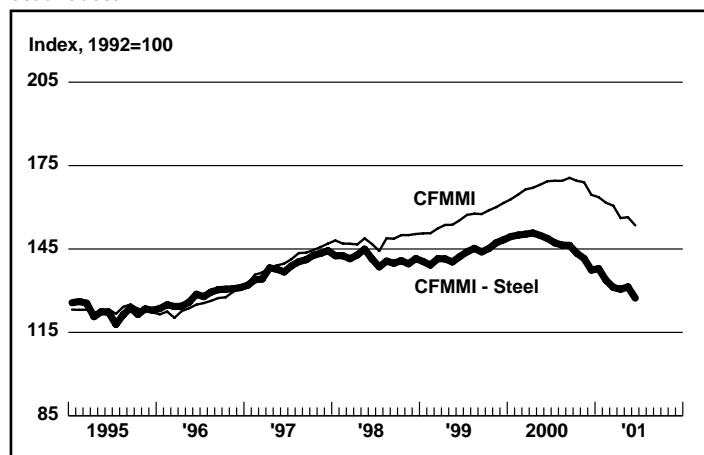
Tracking Midwest Manufacturing Activity by Sectors — June 2001

Auto Sector



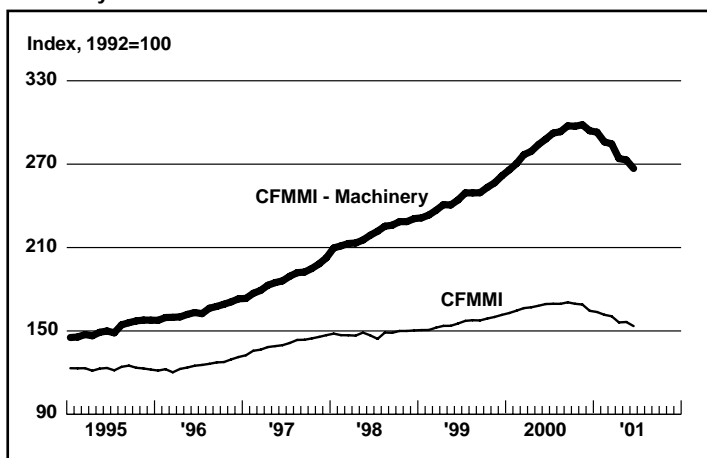
Auto Sector CFMMI Components:
Rubber and Miscellaneous Plastics Products; Transportation Equipment

Steel Sector



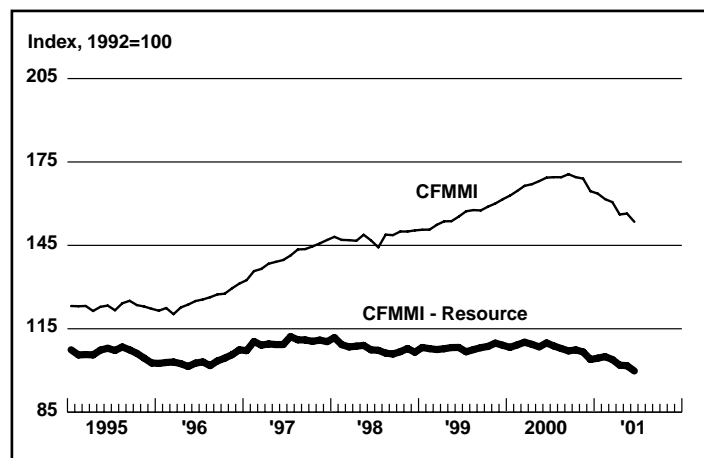
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	Apr 01	May 01	Jun 01	Monthly			Annual Jun 00–Jun 01
				Apr 01	May 01	Jun 01	
CFMMI	156.1	156.4	153.5	-2.8	0.2	-1.9	-9.4
CFMMI - Auto	118.8	122.3	121.3	-3.1	2.9	-0.8	-13.1
CFMMI - Steel	130.5	131.4	127.3	-0.5	0.6	-3.1	-14.4
CFMMI - Machinery	274.0	273.0	266.9	-3.7	-0.4	-2.2	-7.3
CFMMI - Resource	101.9	101.7	99.8	-2.0	-0.2	-1.9	-9.2
IPMFG	149.3	148.6	147.4	-0.5	-0.5	-0.8	-4.2

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>