Midwest Manufacturing Output Falls in October

The Chicago Fed Midwest Manufacturing Index (CFMMI) fell 1.8% in October, to a seasonally adjusted level of 111.0 (1997=100). Revised data show the index rose a very strong 3.9%, to 112.9 in September. The Federal Reserve Board’s industrial production index for manufacturing (IPMFG) was unchanged in October. October output in the region was 2.2% lower than a year earlier, while output in the nation was 0.5% above year-ago levels.

Output in all four CFMMI sub-sectors fell in October. Regional auto sector output posted the largest decline, falling 2.2% in October. Output for the Midwest resource sector was down 2.1% in October. Regional steel sector output declined 1.5% in October. Midwest machinery sector output fell 1.0% in October.

Midwest auto manufacturing has been on a rollercoaster ride over the past few months. Midwest automotive output fell 2.2% in October after rising an astounding 8.7% in September. The region’s auto output decline in October was more than the nation’s 1.7% decrease. Compared with a year earlier, Midwest automotive output was 0.4% higher in October while national output was up 0.8%.

The Midwest resource sector’s output decreased 2.1% in October, more than the nation’s 0.3% decline. October losses in regional chemical, food, nonmetallic mineral and paper product production were tempered somewhat by gains in wood production. Compared with a year ago, regional resource output was 4.6% lower in October while the nation’s output was down 0.5%.

The region’s steel sector output decreased 1.5% in October while the nation’s steel output rose 1.3%. Weakness was concentrated in regional fabricated metal production which dropped 2.6%, while regional primary metal output gained 1.2%. Regional steel output was 5.4% below its October 2002 level compared with a 2.7% decrease in the nation.

Midwest machinery output fell 1.0% in October while the nation’s output increased 1.9%. Regional machinery output in October was 1.2% below year-earlier levels while national machinery output was up 11.7%.

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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 15 manufacturing industries (identified by 3-digit NAICS 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