Midwest Manufacturing Output Rises in September

The Chicago Fed Midwest Manufacturing Index (CFMMI) increased 2.7% in September, to a seasonally adjusted level of 110.0 (1997=100). This was the first monthly gain in Midwest manufacturing production since June, helping the CFMMI return near its February levels. Revised data show the index declined 1.1% in August, to 107.1. The Federal Reserve Board’s industrial production index for manufacturing (IPMFG) increased 0.8% in September. September output in the region was 4.0% lower than a year earlier, while output in the nation was 0.6% below year-ago levels.

Output in three of the four CFMMI sub-sectors rose in September. Output for the Midwest auto sector rebounded 7.1% in September, after a 3.0% decline in August. Midwest machinery sector output rose 1.1% in September. Regional steel sector output increased 0.3% in September. Regional resource sector output posted the only decline, falling 0.2% in September.

Midwest automotive output increased sharply by 7.1% in September, more than the nation’s 3.3% increase. Compared with a year earlier, Midwest automotive output was 1.6% lower in September while national output was up 1.9%.

Both Midwest and national machinery output rose 1.1%. Regional machinery output in September was 3.2% below year-earlier levels while national machinery output was up 6.9%.

The region’s steel sector output increased 0.3% in September while the nation’s steel output rose 0.1%. Both regional primary metals production and regional fabricated metal production increased 0.8% and 0.1% respectively. Regional steel output was 7.4% below its September 2002 level compared with a 4.3% decrease in the national steel output.

The Midwest resource sector’s output decreased 0.2% in September while the national output gained 0.1%. The paper manufacturing sector was hit the hardest, experiencing a 1.6% decline. Compared with a year ago, regional resource output was 5.4% lower in September, a greater decline than the national one of 1.4%.

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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.

The CFMMI and IPMFG historical data are available on the Federal Reserve Bank of Chicago’s Web site at http://www.chicagofed.org