

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Rises in August

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The Chicago Fed Midwest Manufacturing Index (CFMMI) rose a very strong 1.7% in August, to a seasonally adjusted level of 115.6 (1997=100). Revised data show the index decreased 2.1% in July, to 113.7. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) rose 0.3% in August. Regional output in August was 6.9% higher than a year earlier, slightly larger than the nation's 6.5% increase.

Output in three of the four CFMMI sub-sectors rose in August. Regional auto output surged 4.7% from its July level, steel sector production rose 0.9%, and output in the resource sector was up 0.5%. Regional machinery sector output posted the only decline, edging down 0.1% in August.

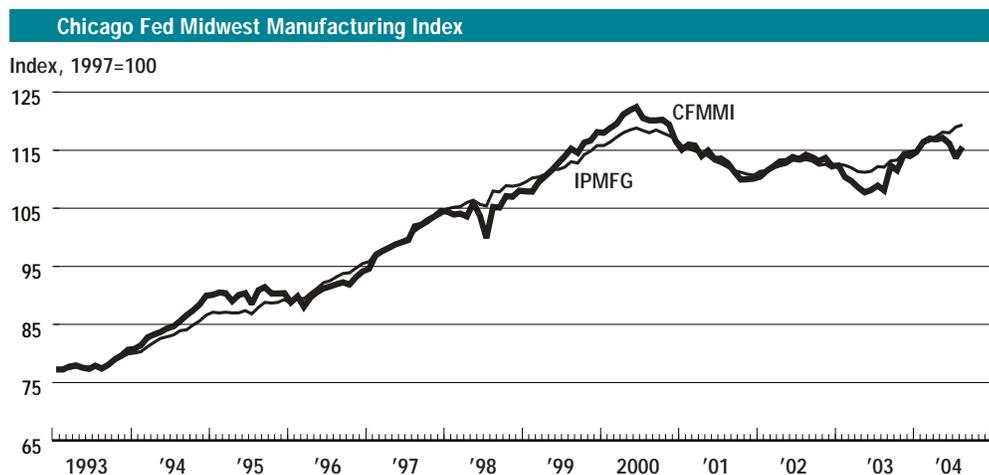
Midwest auto sector production increased a substantial 4.7% in August after falling a significant 7.9% in July. The nation's auto output rose a more modest 1.6% in August. Compared with a year earlier, Midwest automotive output was 3.0% higher in August, while national output was up 4.9%.

The region's steel sector output rose 0.9% in August after decreasing 0.4% in July. The nation's steel output rose 0.4% in August. Regional steel output was 11.5% above its August 2003 level, compared with a 7.4% increase in the nation.

The Midwest resource sector's output rose 0.5% in August after increasing 0.9% in July. The nation's resource sector's output was up 0.4% in August. Increases in regional chemical, paper, wood, and nonmetallic mineral production in August were offset slightly by a fall in food production. Compared with a year ago, regional resource output was up 6.1% in August, while the nation's output was up 4.8%.

Midwest machinery sector output edged down 0.1% in August after rising a solid 1.6% in July. The nation's machinery output increased 1.0% in August. Regional machinery output in August was 11.7% above year-earlier levels, while national output was up 14.8%.

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



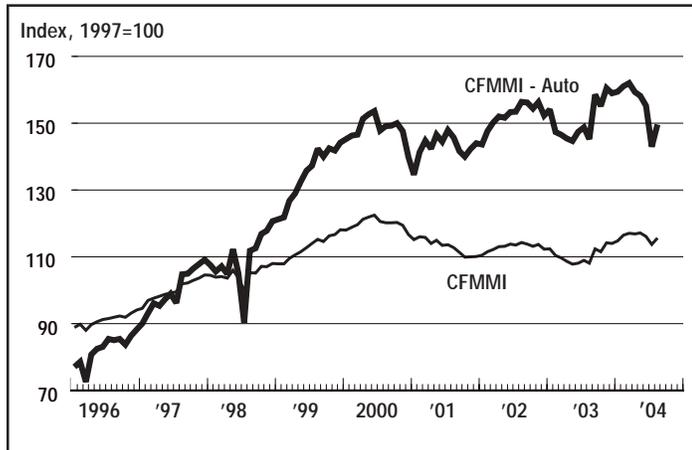
The next CFMMI will be released:
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Manufacturing output indexes—August	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	1.7	-1.3	6.9
US Industrial Production-Manufacturing (IPMFG)	0.3	1.1	6.5

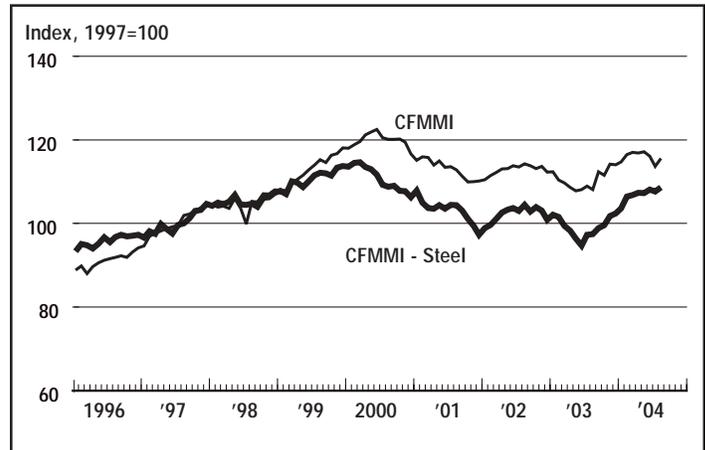
Tracking Midwest Manufacturing Activity by Sectors — August 2004

Auto Sector



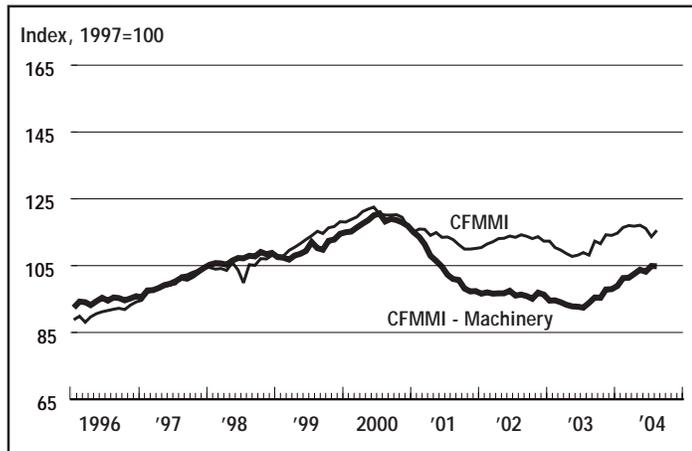
Auto Sector CFMMI Components:
Plastics and Rubber Products; Transportation Equipment

Steel Sector



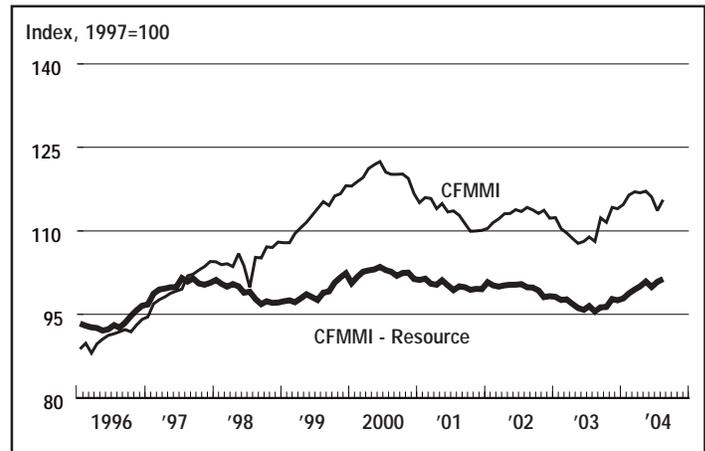
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

Machinery Sector



Machinery Sector CFMMI Components:
Machinery; Computer and Electronic Product; Electrical Equipment, Appliance, and Components Manufacturing

Resource Sector



Resource Sector CFMMI Components:
Food; Wood Product; Paper; Chemicals; Nonmetallic Mineral Products

Manufacturing Activity: Summary Table

	Index, 1997=100			Percent change			
	Jun 04	Jul 04	Aug 04	Monthly			Annual Aug 03–Aug 04
				Jun 04	Jul 04	Aug 04	
CFMMI	116.1	113.7	115.6	-0.9	-2.1	1.7	6.9
CFMMI - Auto	155.2	142.8	149.6	-1.9	-7.9	4.7	3.0
CFMMI - Steel	108.1	107.7	108.6	0.7	-0.4	0.9	11.5
CFMMI - Machinery	103.2	104.8	104.8	-0.5	1.6	-0.1	11.7
CFMMI - Resource	100.0	100.8	101.4	-1.0	0.9	0.5	6.1
IPMFG	118.0	119.0	119.4	-0.1	0.8	0.3	6.5

Note: Three of the seventeen industries in the CFMMI are not included in any of the four sectors above. These are Furniture and Related Products; Printing and Related Support Activities; Miscellaneous Manufacturing.

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>