Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Falls in March

The Chicago Fed Midwest Manufacturing Index (CFMMI) fell 1.4% in March, to a seasonally adjusted level of 118.8 (1997=100). Revised data show the index rose 1.6% in February, to 120.5. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) fell 0.2% in March. Regional output in March was 1.7% higher than a year earlier, lower than the nation's 4.0% increase.

The weakness in March was driven by a large decrease in regional auto output. Regional auto output fell 4.1% from its February level; output in the resource sector fell 0.3%; the machinery sector's output increased 0.2%; and steel sector's output rose 0.3%.

Midwest auto sector production plunged 4.1% in March after rising a very strong 5.7% in February. The nation's auto output decreased 1.4% in March. Compared with a year earlier, Midwest automotive output was 1.9% lower in March compared with a 3.2% increase for the nation.

The Midwest resource sector's output fell 0.3% in March after falling 0.1% in February. The nation's resource sector's output was down 0.2% in March. Decreases in regional nonmetallic mineral, food, chemical, and paper production were somewhat offset by an increase in wood production in March. Compared with a year ago, regional resource output was up 3.2% in March while national output was up 2.5%.

Midwest machinery sector output increased 0.2% in March after falling 0.4% in February. The nation's machinery output rose 0.9% in March. Regional machinery output in March was 5.8% above year-earlier levels while national output was up 15.0%.

The region's steel sector output rose 0.3% in March, after falling 1.5% in February. The nation's steel output edged up 0.1% in March. Regional steel output was 0.9% above its March 2004 level compared with a 1.4% increase in the nation.

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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.