Midwest Manufacturing Output Rises in October

The Chicago Fed Midwest Manufacturing Index (CFMMI) grew 1.8% in October, to a seasonally adjusted level of 106.6 (2002=100). The Federal Reserve Board’s industrial production index for manufacturing (IPMFG) rose 1.5% in October. Regional output in October was 2.6% higher than a year earlier, lower than the nation’s 3.3% increase.

All of the four regional subsectors: machinery, resource, steel, and auto rose in October. The last time all four subsectors expanded in the same month was October of last year. The increase in October was driven by a 4.3% surge in regional auto production. Regional steel output increased by 0.8%, Midwest machinery rose 0.7%, and resource production rose 0.6%.

Midwest auto sector production grew 4.3% in October after falling 0.6% in September. The nation’s auto output increased 4.1% in October. Compared with a year earlier, Midwest auto output was 4.2% higher in October while the nation expanded 5.6%.

Midwest steel sector output rose 0.8% in October after rising 1.2% in September. This was the fourth consecutive monthly increase for regional steel production. The nation’s steel output rose 1.3% in October. Regional steel output in October was 1.5% above year earlier levels while national output was up 1.7%.

The region’s machinery sector output increased 0.7% in October, after rising 0.7% in September. The nation’s machinery output rose 1.2% in October. Regional machinery output was 5.4% above its October 2004 level, compared with a 13.6% increase in the nation.

The Midwest resource sector’s output increased 0.6% in October after declining 1.4% in September. The nation’s resource sector’s output rose by 1.1% in October. October increases in regional nonmetallic mineral, chemical, and wood production were slightly offset by a decrease in regional food and paper production. Compared with a year ago, the regional resource output was 2.3% lower than year earlier levels, while the nation’s resource output was down 1.3% during the same time period.

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NOTE: The Chicago Fed Midwest Manufacturing Index (CFMMI) underwent a benchmark revision with the October release. The base year for the CFMMI and the IPMFG was changed from 1997 to 2002 (2002=100).
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.

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