

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Rises in October

**Embargoed for release:
Noon Eastern Time
11:00 am Central Time
November 29, 2005**

**Media Contact:
Deborah Baratz
deborah.baratz@chi.frb.org
312-322-2387**

**Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, IL 60604**

**2005 and 2006 Release Dates:
December 27, 2005
January 30, 2006
March 14, 2006
April 3, 2006
April 27, 2006
May 30, 2006
June 27, 2006
July 27, 2006
August 28, 2006
September 27, 2006
October 30, 2006
November 27, 2006
December 27, 2006**

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.

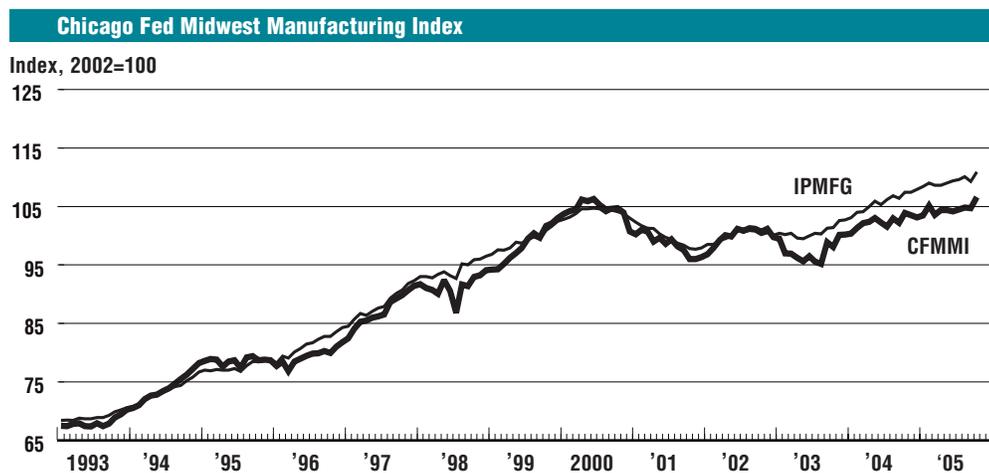
The Midwest resource sector's output increased 0.6% in October after declining 1.4% in September. The nation's resource sector's output rose by 1.1% in October. October increases in regional nonmetallic mineral, chemical, and wood production were slightly offset by a decrease in regional food and paper 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.

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

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 next CFMMI will be released:
December 27, 2005
Noon Eastern Time
11:00 am Central Time**

FEDERAL RESERVE BANK
OF CHICAGO

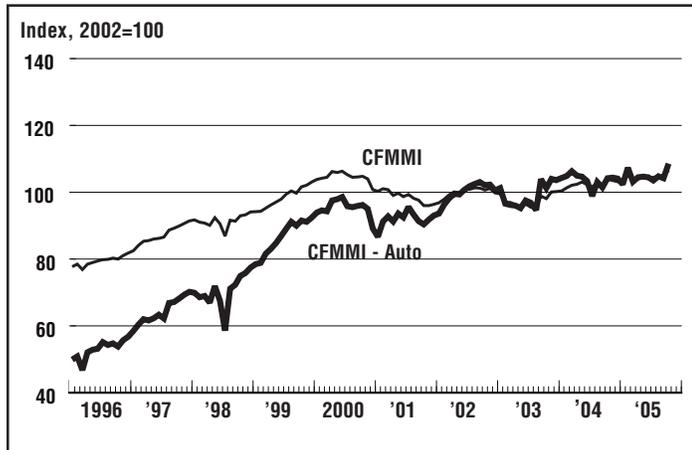


Manufacturing output indexes—October

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	1.8	2.0	2.6
US Industrial Production-Manufacturing (IPMFG)	1.5	1.2	3.3

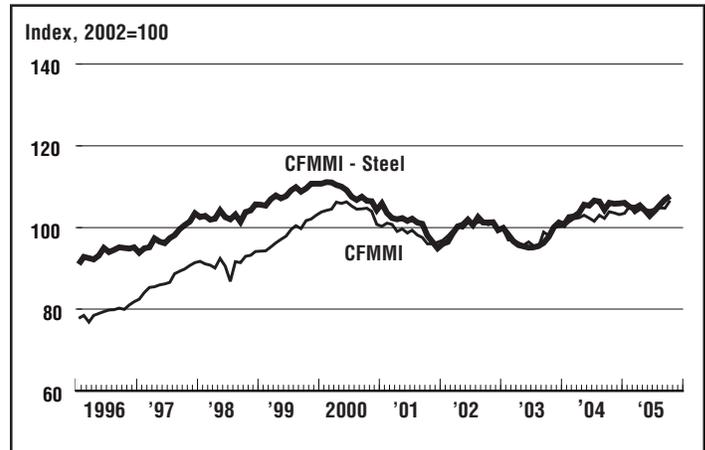
Tracking Midwest Manufacturing Activity by Sectors — October 2005

Auto Sector



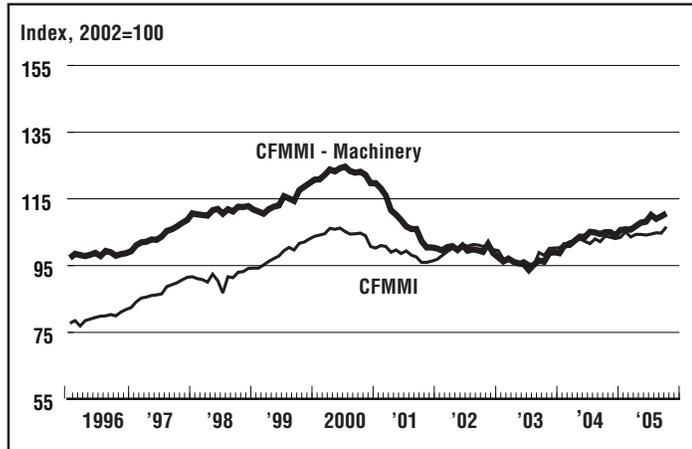
Auto Sector CFMMI Components:
Plastics and Rubber Products; Transportation Equipment

Steel Sector



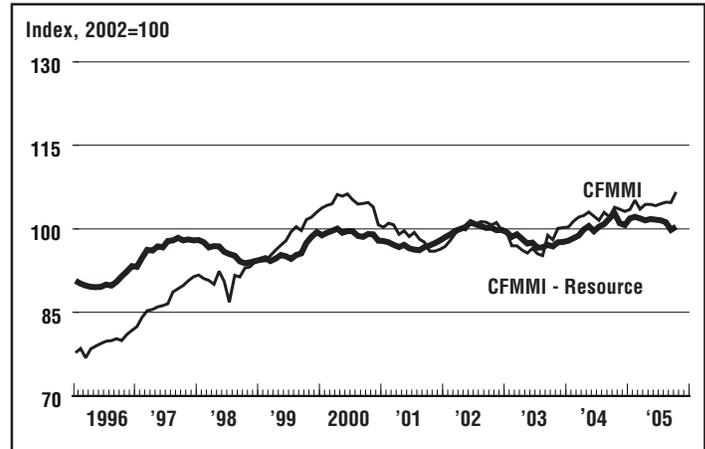
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

Machinery Sector



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

Resource Sector



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

Manufacturing Activity: Summary Table

	Index, 2002=100			Percent change			
	Aug 05	Sep 05	Oct 05	Monthly			Annual Oct 04–Oct 05
				Aug 05	Sep 05	Oct 05	
CFMMI	104.8	104.7	106.6	0.3	-0.1	1.8	2.6
CFMMI - Auto	104.7	104.2	108.6	1.2	-0.6	4.3	4.2
CFMMI - Steel	105.5	106.8	107.7	1.4	1.2	0.8	1.5
CFMMI - Machinery	109.1	109.8	110.6	-1.0	0.7	0.7	5.4
CFMMI - Resource	101.2	99.8	100.4	-0.4	-1.4	0.6	-2.3
IPMFG	110.1	109.3	110.9	0.5	-0.7	1.5	3.3

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>.