

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Drops Slightly in September

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**2005 and 2006 Release Dates:
November 29, 2005
December 27, 2005
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August 28, 2006
September 27, 2006
October 30, 2006
November 27, 2006
December 27, 2006**

The Chicago Fed Midwest Manufacturing Index (CFMMI) edged down 0.2% in September, to a seasonally adjusted level of 111.0 (1997=100). Revised data show the index rose slightly from 111.1 to 111.3 in August. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) dropped 0.5% in September. Regional output in September was 2.6% higher than a year earlier, lower than the nation's 3.0% increase.

Two of the four regional subsectors fell in September. The decrease in September was led by both a decline in regional auto and resource output. Regional auto output fell 1.6% from its August level, and output in the resource sector decreased 0.9%. Offsetting these declines were a 0.7% increase in regional steel production and a 1.7% gain for machinery.

Midwest auto sector production dropped 1.6% in September after rising 2.0% in August. The nation's auto output decreased 2.7% in September. Compared with a year earlier, Midwest auto output was 2.9% higher in September while the nation had a 3.5% increase.

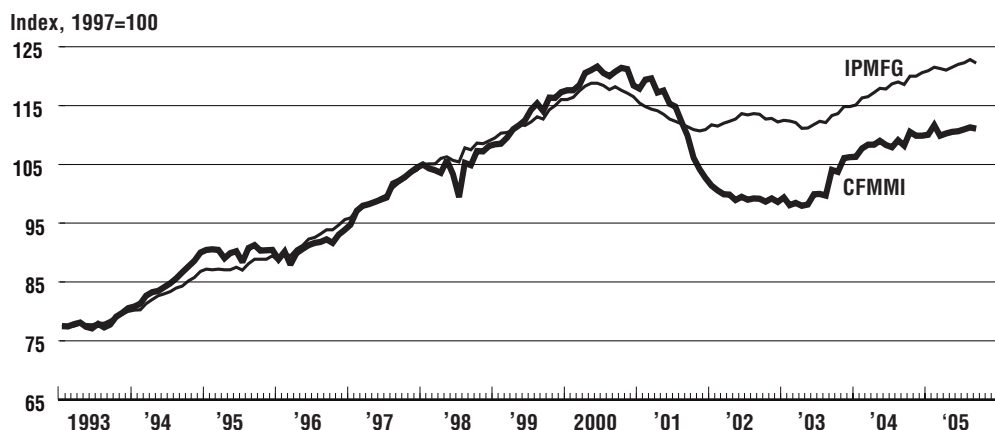
The Midwest resource sector's output decreased 0.9% in September after falling 0.6% in August. The nation's resource sector's output fell by 1.4% in September. Decreases in regional paper, chemical, and food production were somewhat offset by an increase in wood production and nonmetallic mineral in September. Compared with a year ago, the regional resource output was 0.6% lower than year earlier levels, while the nation's resource output was down 0.4% during the same time period.

Midwest steel sector output rose 0.7% in September after rising 1.9% in August. The nation's steel output rose 0.2% in September. Regional steel output in September was 0.2% above year earlier levels while national output was down 1.2%.

The region's machinery sector output increased 1.7% in September, after falling 2.4% in August. The nation's machinery output rose 2.8% in September. Regional machinery output was 6.5% above its September 2004 level, compared with a 19.1% increase in the nation.

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

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**The next CFMMI will be released:
November 29, 2005
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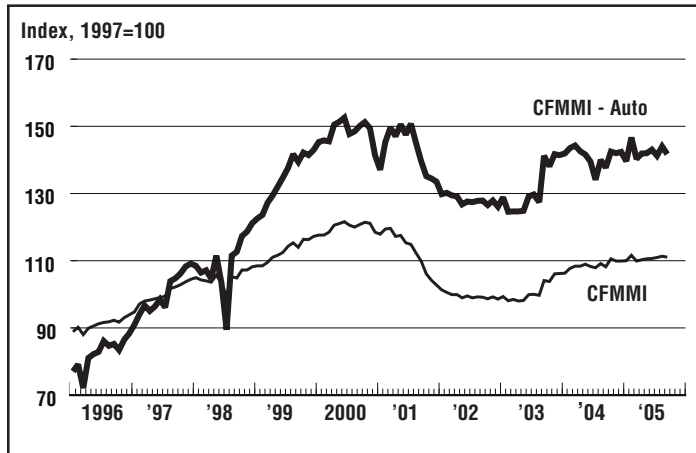
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Manufacturing output indexes—September

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	-0.2	0.4	2.6
US Industrial Production-Manufacturing (IPMFG)	-0.5	0.2	3.0

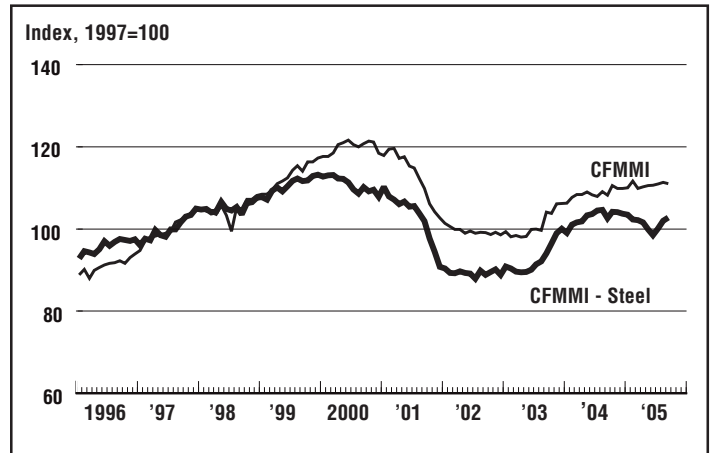
Tracking Midwest Manufacturing Activity by Sectors — September 2005

Auto Sector



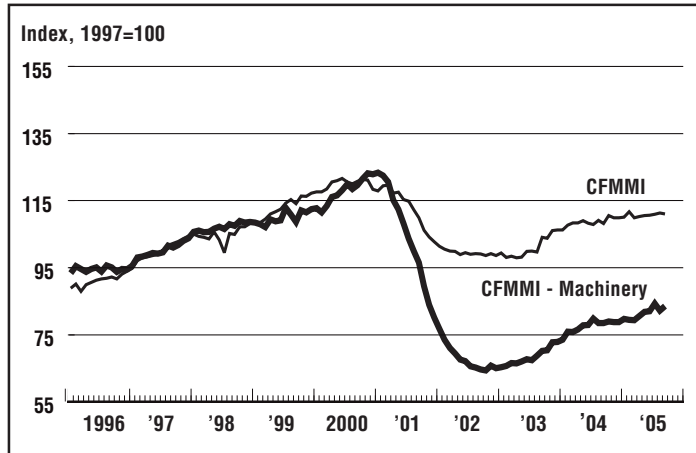
Auto Sector CFMMI Components:
Plastics and Rubber Products; Transportation Equipment

Steel Sector



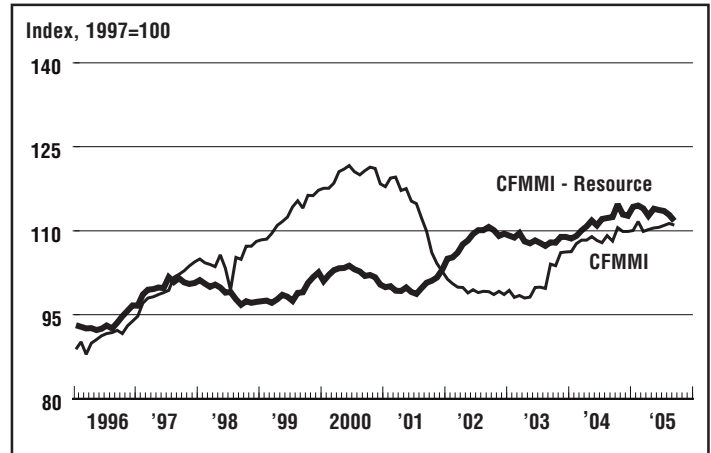
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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, 1997=100			Percent change			
	Jul 05	Aug 05	Sep 05	Monthly		Annual	
				Jul 05	Aug 05		Sep 05
CFMMI	111.0	111.3	111.0	0.3	0.3	-0.2	2.6
CFMMI - Auto	141.2	144.0	141.8	-1.2	2.0	-1.6	2.9
CFMMI - Steel	100.1	102.0	102.8	1.7	1.9	0.7	0.2
CFMMI - Machinery	84.3	82.2	83.6	2.7	-2.4	1.7	6.5
CFMMI - Resource	113.6	112.8	111.8	-0.1	-0.6	-0.9	-0.6
IPMFG	122.3	122.8	122.2	0.2	0.4	-0.5	3.0

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>.