

Chicago Fed Midwest Manufacturing Index

Midwest Manufacturing Output Falls in August

The Chicago Fed Midwest Manufacturing Index (CFMMI) fell 0.6% in August, to a seasonally adjusted level of 107.3 (2002=100). Revised data show the index rose 0.9% in July, to 107.9. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) was unchanged in August. Regional output in August was 5.5% higher than a year earlier, slightly lower than the national output's 5.6% increase.

All four of the regional sectors decreased in August. Output in the regional steel sector dropped by 0.2%; the regional resource output was down by 0.5%. The Midwest machinery sector decreased its production by 0.6%, while the auto output was down 0.8%.

The region's steel sector output was down 0.2% in August, after rising 1.5% in July. The nation's steel output was up 0.5% in August. Regional steel output was 8.2% above its August 2005 level, higher than the 7.6% increase in the nation's steel output.

The Midwest resource sector's output decreased 0.5% in August after a 1.0% increase in July. The nation's resource sector's output was down 0.4% in August. All the sub-sectors of the resource sector decreased in August: paper production, wood, regional chemical and nonmetallic mineral. Compared with a year ago, regional resource output was up 4.5% in August, while national resource output was up 3.0%.

Midwest machinery sector output fell 0.6% in August after rising 3.3% in July. The nation's machinery output rose 0.1% in August. Regional machinery output in August was 10.6% above year-earlier levels, while national machinery output was up 14.2%.

Midwest auto sector production dropped 0.8% in August after decreasing 1.3% in July. The nation's auto output was up 0.4% in August. Compared with a year earlier, Midwest automotive output was up 2.3%, while the national auto output was up 3.8%.

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

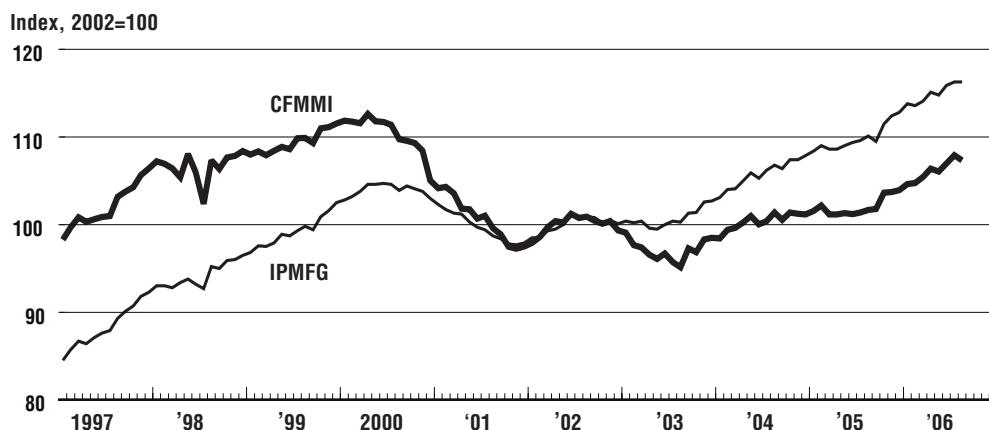
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**2006 Release Dates:
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November 27, 2006
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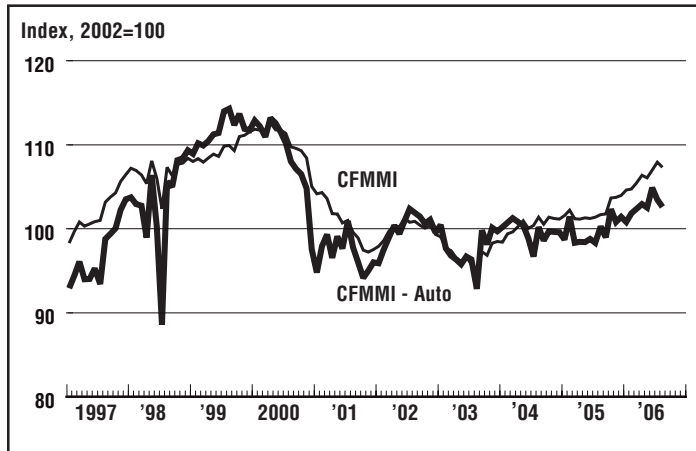
**The next CFMMI will be released:
October 30, 2006
Noon Eastern Time
11:00 am Central Time**

Manufacturing output indexes—August

	percent change from		
	1 month ago	3 months ago	1 year ago
Chicago Fed Midwest Manufacturing Index (CFMMI)	-0.6	1.2	5.5
US Industrial Production-Manufacturing (IPMFG)	0.0	1.3	5.6

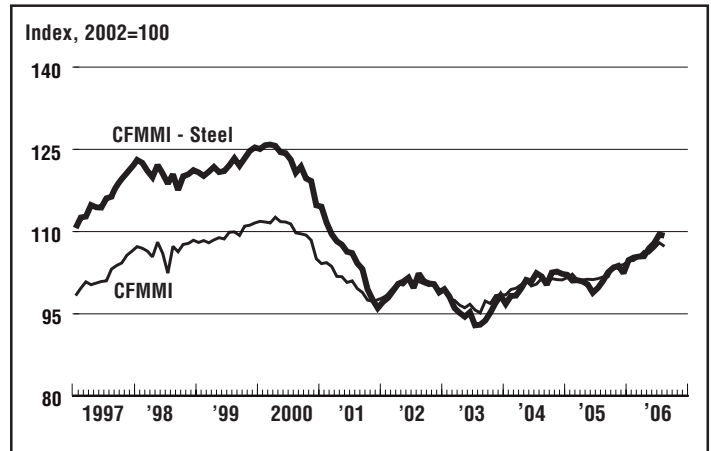
Tracking Midwest Manufacturing Activity by Sectors — August 2006

Auto Sector



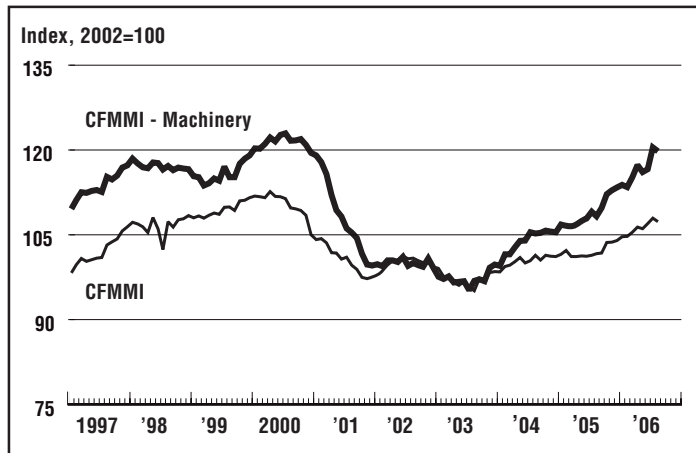
Auto Sector CFMMI Components:
Plastics and Rubber Products; Transportation Equipment

Steel Sector



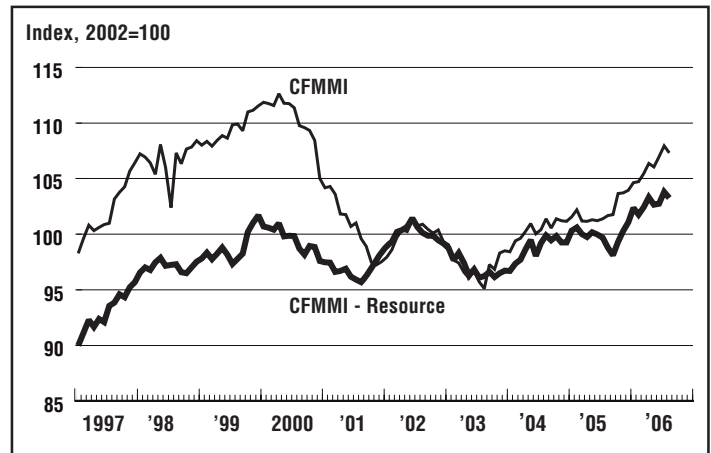
Steel Sector CFMMI Components:
Primary Metal Industries; Fabricated Metal Products

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			
	Jun 06	Jul 06	Aug 06	Monthly		Annual	
				Jun 06	Jul 06		Aug 06
CFMMI	107.0	107.9	107.3	0.9	0.9	-0.6	5.5
CFMMI - Auto	104.9	103.5	102.6	2.3	-1.3	-0.8	2.3
CFMMI - Steel	107.9	109.5	109.2	0.9	1.5	-0.2	8.2
CFMMI - Machinery	116.6	120.4	119.8	0.4	3.3	-0.6	10.6
CFMMI - Resource	102.7	103.8	103.2	0.1	1.0	-0.5	4.5
IPMFG	115.9	116.3	116.3	1.0	0.3	0.0	5.6

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 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 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>.