Midwest Manufacturing Output Moves Higher in January

The Chicago Fed Midwest Manufacturing Index (CFMMI) rose 0.7% in January, to a seasonally adjusted level of 113.7 (2002=100). Revised data shows the index rose 0.2% in December, to 112.9. The Federal Reserve Board’s industrial production index for manufacturing (IPMFG) also rose 0.7% in January. Regional output in January was 4.2% higher than a year earlier, lower than the nation’s 4.8% increase.

All four regional subsectors expanded in January. Regional steel output rose 1.3% from its December level. Output in the Midwest machinery sector increased 1.1%. Both the regional auto production and resource output increased 0.3%.

The region’s steel sector output increased 1.3% in January, after falling 1.3% in December. The nation’s steel output rose 0.4 in January. Regional steel output was 2.5% above its January 2005 level compared with a 2.9% increase in the nation.

Midwest machinery sector output rose 1.1% in January after rising 0.2% in December. The nation’s machinery output rose 0.4% in January. Regional machinery output in January was 7.9% above year-earlier levels while national output was up 15.4%.

Midwest auto sector production rose 0.3% in January after rising 0.5% in December. The nation’s auto output increased 1.2% in January. Compared with a year earlier, Midwest automotive output was 4.4% higher in January compared with a 5.7% increase for the nation.

The Midwest resource sector’s output increased 0.3% in January after rising 0.9% in December. The nation’s resource sector’s output rose 0.2% in January. Increases in regional chemical, nonmetallic mineral and food production were somewhat offset by a decrease in wood and paper production in January. Compared with a year ago, regional resource output was up 2.6% in January while national output was up 1.3%.

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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 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.

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