

# Chicago Fed Midwest Manufacturing Index

## Midwest Manufacturing Output Falls in September

**Embargoed for release:  
Noon Eastern Time  
October 30, 2006**

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**2006 Release Dates:  
November 27, 2006  
December 27, 2006**

The Chicago Fed Midwest Manufacturing Index (CFMMI) fell 1.1% in September, to a seasonally adjusted level of 106.4 (2002=100). Revised data show the index fell 0.4% in August, to 107.5. The Federal Reserve Board's industrial production index for manufacturing (IPMFG) was down 0.3% in September. Regional output in September was 4.5% higher than a year earlier, lower than the national output's 6.2% increase.

All four of the regional sectors decreased in September. Auto output was down 2.2% and the Midwest machinery sector decreased its production by 1.2%. Output in the regional steel sector dropped by 0.9%; and the regional resource was down by 0.1%.

Midwest auto sector production dropped 2.2% in September after decreasing 0.7% in August. The nation's auto output was down 1.1% in September. Compared with a year earlier, Midwest automotive output was up 1.3%, while the national auto output was up 5.3%.

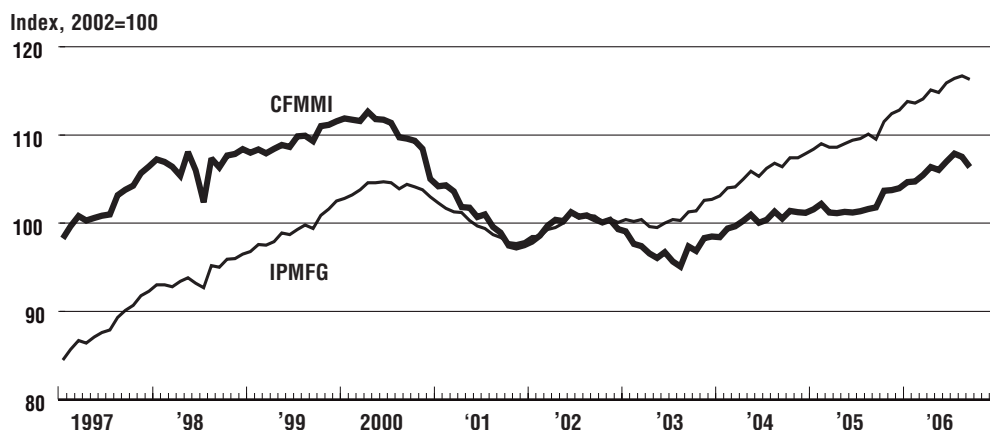
Midwest machinery sector output fell 1.2% in September after falling 0.1% in August. The nation's machinery output rose 0.4% in September. Regional machinery output in September was 8.3% above year-earlier levels, while national machinery output was up 14.5%.

The region's steel sector output was down 0.9% in September, after falling 1.0% in August. The nation's steel output was down 0.2% in September. Regional steel output was 5.0% above its September 2005 level, lower than the 6.0% increase in the nation's steel output.

The Midwest resource sector's output decreased 0.1% in September after being unchanged in August. The nation's resource sector's output was down 0.4% in September. Four of the subsectors of the resource sector—paper production, wood, chemical, and nonmetallic mineral—decreased in September, while food production increased. Compared with a year ago, regional resource output was up 5.5% in September, and national resource output was up 4.5%.

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

### Chicago Fed Midwest Manufacturing Index



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

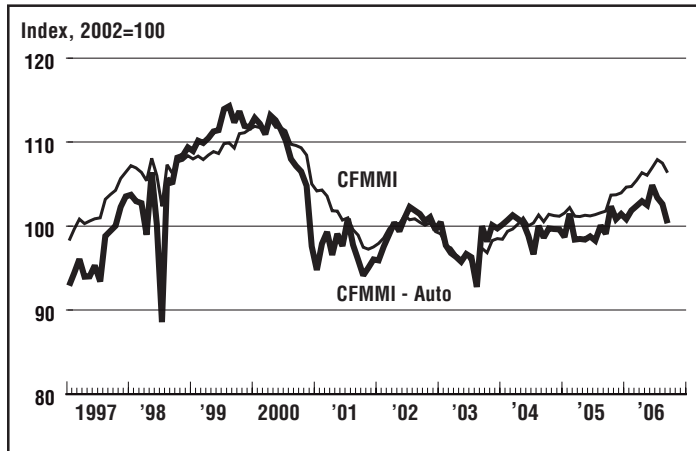
FEDERAL RESERVE BANK  
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### Manufacturing output indexes—September

|   | percent change from |              |            |
|---|---------------------|--------------|------------|
|   | 1 month ago         | 3 months ago | 1 year ago |
| Chicago Fed Midwest Manufacturing Index (CFMMI) | -1.1                | -0.6         | 4.5        |
| US Industrial Production-Manufacturing (IPMFG)  | -0.3                | 0.3          | 6.2        |

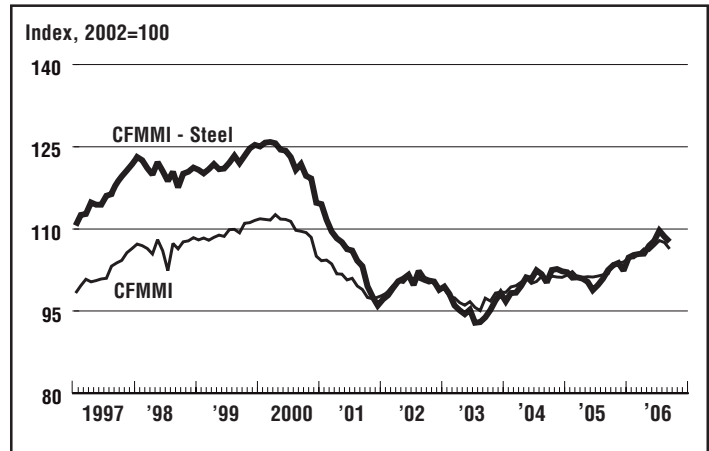
# Tracking Midwest Manufacturing Activity by Sectors — September 2006

## Auto Sector



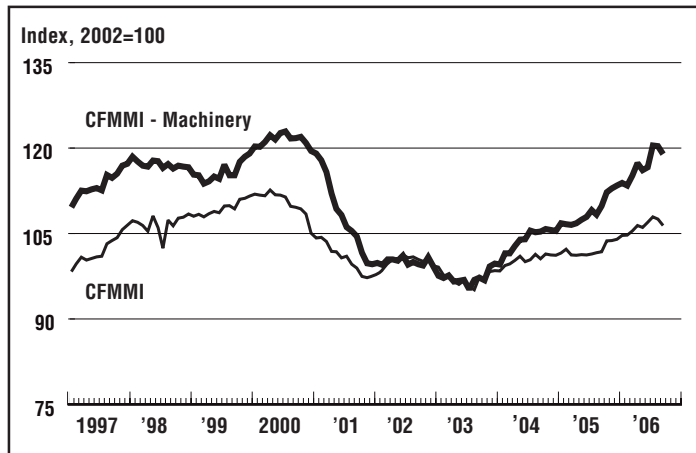
Auto Sector CFMMI Components:  
Plastics and Rubber Products; Transportation Equipment

## Steel Sector



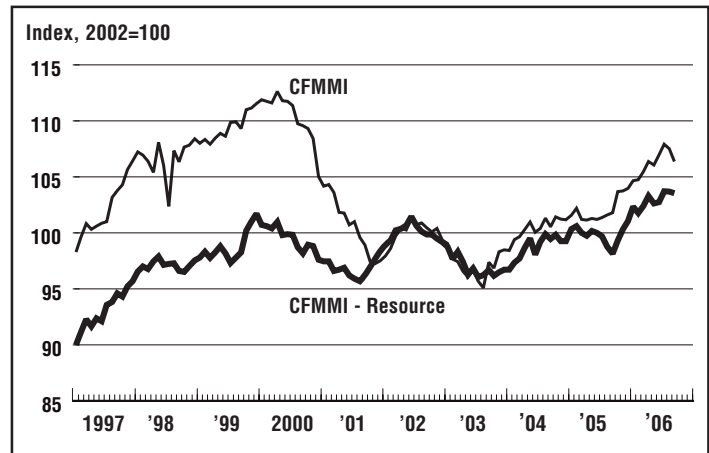
Steel Sector CFMMI Components:  
Primary Metal Industries; Fabricated Metal Products

## 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 |        |        |                         |
|--------------------------|-----------------|--------|--------|----------------|--------|--------|-------------------------|
|                          | Jul 06          | Aug 06 | Sep 06 | Monthly        |        |        | Annual<br>Sep 05–Sep 06 |
|                          |                 |        |        | Jul 06         | Aug 06 | Sep 06 |                         |
| <b>CFMMI</b>             | 107.9           | 107.5  | 106.4  | 0.9            | -0.4   | -1.1   | 4.5                     |
| <b>CFMMI - Auto</b>      | 103.4           | 102.6  | 100.4  | -1.4           | -0.7   | -2.2   | 1.3                     |
| <b>CFMMI - Steel</b>     | 109.7           | 108.6  | 107.6  | 1.7            | -1.0   | -0.9   | 5.0                     |
| <b>CFMMI - Machinery</b> | 120.4           | 120.3  | 118.9  | 3.3            | -0.1   | -1.2   | 8.3                     |
| <b>CFMMI - Resource</b>  | 103.7           | 103.7  | 103.5  | 0.9            | 0.0    | -0.1   | 5.5                     |
| <b>IPMFG</b>             | 116.4           | 116.7  | 116.3  | 0.4            | 0.3    | -0.3   | 6.2                     |

*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>.**