Midwest Manufacturing Output Rises in June

The Chicago Fed Midwest Manufacturing Index (CFMMI) increased 1.1% in June, to a seasonally adjusted level of 106.0 (2002 = 100). Revised data show the index decreased 0.8% in May, to 104.8. The Federal Reserve Board’s industrial production index for manufacturing (IPMFG) edged up 0.2% in June. Regional output in June was 1.9% lower than a year earlier, below the 0.4% decrease in national output.

All of the June increase was due to a gain in one sector, while three of the four regional industry sectors decreased:

- Regional auto sector production rose 7.8%;
- Regional steel sector output decreased 0.5%;
- Regional machinery sector output declined 0.9%; and
- Regional resource sector output moved down 1.1%.

The Midwest’s auto sector production soared 7.8% in June after dropping 1.8% in May. The nation’s auto output increased 2.8% in June. The Midwest’s automotive output was down 8.6% in June relative to its year-ago value, while the nation’s auto output was down 5.1%.

The region’s steel sector output decreased 0.5% in June after declining 1.1% in May. The nation’s steel output decreased 0.2% in June. Regional steel output was down 2.0% from its June 2007 level, while the national steel output dropped 0.4%.

The Midwest’s machinery sector output moved down 0.9% in June after decreasing 0.6% in May. The nation’s machinery output was up 0.9% in June. Regional machinery output in June was 0.7% above year-earlier levels, while national machinery output was up 9.8%.

The Midwest resource sector’s output declined 1.1% in June after edging down 0.2% in May. One of the subsectors of the resource sector—wood production—increased from April to May, while food, chemical, paper, and nonmetallic mineral production decreased. The national resource sector’s output was down 0.6% in June. Compared with a year ago, regional resource output was down 0.5% in June, and the national resource output also decreased 0.5%.

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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.