Midwest Manufacturing Output Declined in May

The Chicago Fed Midwest Manufacturing Index (CFMMI) declined 3.1% in May, to a seasonally adjusted level of 78.2 (2002 = 100). Revised data show the index was down 1.4% in April, to 80.7. The Federal Reserve Board’s industrial production index for manufacturing (IPMFG) was down 1.0% in May. Regional output in May declined 24.4% from a year earlier—lower than the 15.2% decrease in national output.

Three of the four regional industry sectors decreased in May:
- Regional auto sector production dropped 10.7%;
- Regional machinery sector output declined 3.3%;
- Regional steel sector output decreased 2.2%; and
- Regional resource sector output edged up 0.2%.

Regional auto sector production dropped 10.7% in May after declining 3.0% in April. The nation’s auto output was down 2.6% in May. The Midwest’s automotive output was down 39.2% in May relative to its year-ago value, and the nation’s auto output was down 22.0%. The troubles of the Detroit Three auto companies seem to be affecting midwestern production much more than that of other areas because of their operations’ concentration in the Midwest.

The Midwest’s machinery sector output declined 3.3% in May after moving down 2.5% in April. The nation’s machinery output declined 1.5% in May. Regional machinery output in May was 26.9% below year-earlier levels, and national machinery output was down 17.2%.

The region’s steel sector output decreased 2.2% in May after falling 3.2% in April. The nation’s steel output was down 1.5% in May. Regional steel output dropped 36.8% from its May 2008 level, and national steel output fell 26.1%.

The Midwest resource sector’s output edged up 0.2% in May after increasing 0.7% in April. The national resource sector’s output rose 0.3% in May. Two of the five subsectors of the resource sector—food and chemical production—increased from April to May, while paper, nonmetallic mineral, and wood production edged down. Compared with a year ago, regional resource output was down 10.0% in May, and the national resource output declined 8.0%.

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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. It 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.