**Midwest Economy Index**

**Index shows Midwest economic growth picked up in February**

Led by gains in the manufacturing sector, the Midwest Economy Index (MEI) increased to +0.35 in February from +0.19 in January. February marked the fifth consecutive month that Midwest economic growth has been above its historical trend. In addition, Midwest growth continued to outperform national growth, as the relative MEI was also +0.35 in February, up from +0.28 in the previous month.

The next MEI will be released: 
April 28, 2011
8:30 am Eastern Time
7:30 am Central Time

**FEDERAL RESERVE BANK OF CHICAGO**
Manufacturing’s contribution to the MEI improved to +0.45 in February from +0.31 in January. February’s contribution was the manufacturing sector’s largest to the index since July 2010. All five Seventh District states posted gains in manufacturing activity in February. Manufacturing’s contribution to the relative MEI also increased, rising to +0.58 in February from +0.48 in the previous month.

The construction and mining sector’s contribution to the MEI decreased to –0.28 in February from –0.22 in January. The decline in construction and mining activity was regionally broad-based, with the sector’s contribution to the index reaching its lowest point since September 2010. Construction and mining’s contribution to the relative MEI was also lower in February, declining to –0.22 from –0.16 in the previous month.

The service sector contributed +0.01 to the MEI in February, up from –0.05 in January. This sector’s contribution to the index in February came in slightly positive for the first time since May 2007. Illinois, Iowa, and Michigan made gains, while Indiana and Wisconsin saw declines. The sector’s contribution to the relative MEI, although improved, remained negative, increasing to –0.07 in February from –0.12 in the previous month.

The contribution from consumer spending to the MEI was +0.17 in February, ticking up from +0.16 in January. February’s contribution was regionally broad-based, and it marked the largest contribution from consumer spending since March 2006. However, consumer spending’s contribution to the relative MEI edged lower to +0.06 in February from +0.08 in January.

Notes: Both the MEI and the CFNAI-MA3 have been standardized to have a zero mean and are expressed in standard deviation units. MEI values greater than zero indicate growth in Midwest economic activity above its historical trend, and CFNAI-MA3 values greater than zero indicate growth in national economic activity above its historical trend; negative values indicate the opposite. Shading indicates official periods of recession as identified by the National Bureau of Economic Research.

Notes: Both the relative MEI and the CFNAI-MA3 have been standardized to have a zero mean and are expressed in standard deviation units. The relative MEI is constructed from the standardized residuals from linear regressions of each of the 128 MEI indicators on the CFNAI-MA3. Relative MEI values greater than zero indicate that growth in Midwest economic activity is higher on average than would typically be suggested based on the CFNAI-MA3; negative values indicate the opposite. Shading indicates official periods of recession as identified by the National Bureau of Economic Research.

### 2011 MEI Release Dates

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MEI historical data and background information are available at www.chicagofed.org/mei.