Midwest Economy Index

Index shows Midwest economic growth slowed further in July

The Midwest Economy Index (MEI) decreased to +0.03 in July from +0.36 in June, and approached its historical trend for the first time in 17 months. However, Midwest growth continued to outperform its historical deviation with respect to national growth, even as the relative MEI decreased to +0.85 in July from +1.05 in the previous month.

Notes: The table summarizes the most recent contribution to the MEI and relative MEI by sector and geography. The sectoral (rows) and geographic (columns) contributions may not sum to the index in each time period because of rounding. Manufacturing and construction and mining are composed of production and employment indicators. Services contains only employment indicators, while consumer spending contains employment, unemployment, per capita personal income, and home and retail sales indicators.
Manufacturing’s contribution to the MEI decreased to +0.42 in July from +0.58 in June. Illinois, Iowa, Michigan, and Wisconsin all saw a decrease in the pace of manufacturing activity in July, while the pace of July’s manufacturing activity was steady in Indiana. Manufacturing’s contribution to the relative MEI also decreased, edging lower to +0.90 in July from +0.96 in the previous month.

The construction and mining sector’s contribution to the MEI ticked up to −0.14 in July from −0.15 in June. The pace of construction and mining activity in July increased only in Michigan. Construction and mining’s contribution to the relative MEI improved in July, moving up to +0.03 from −0.03 in June.

The service sector contributed −0.17 to the MEI in July, down from −0.08 in June. The pace of service sector activity in Iowa was steady in July, while the pace in the other Seventh District states was down. The service sector’s contribution to the relative MEI decreased, declining to −0.07 in July from +0.04 in the previous month.

The contribution from consumer spending to the MEI was −0.08 in July, down from +0.01 in June. Consumer spending indicators for Illinois, Indiana, Michigan, and Wisconsin decreased in July, while Iowa’s held steady. Consumer spending’s contribution to the relative MEI decreased to −0.01 in July from +0.07 in June.

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.