What is the Midwest Economy Index?
The index is a weighted average of 129 state and regional indicators encompassing the entirety of the five states in the Seventh Federal Reserve District (Illinois, Indiana, Iowa, Michigan, and Wisconsin). The index measures growth in nonfarm business activity based on indicators of four broad sectors of the Midwest economy: 1) manufacturing, 2) construction and mining, 3) services, and 4) consumer spending.

Why are there two index values?
Over long periods, growth in Midwest economic activity has tended to coincide with growth in national economic activity. However, over shorter periods of time this has not always been the case. To highlight such differences, we construct two separate index values. The MEI captures both national and regional factors driving Midwest growth, and the relative MEI provides a picture of Midwest growth conditions relative to those of the nation.

What do the index numbers mean?
A zero value for the MEI indicates that the Midwest economy is expanding at its historical trend rate of growth; positive values indicate above-average growth; and negative values indicate below-average growth. A zero value for the relative MEI indicates that the Midwest economy is growing at a rate historically consistent with the growth of the national economy; positive values indicate above-average relative growth; and negative values indicate below-average relative growth.

Index shows Midwest economic growth weakened in September

The Midwest Economy Index (MEI) decreased to –0.51 in September from –0.39 in August, reaching its lowest value since November 2009. However, the relative MEI improved to –0.06 in September from –0.37 in August, largely on account of the Midwest manufacturing sector’s continued positive contribution.

The next MEI will be released:
November 30, 2012
8:30 am Eastern Time
7:30 am Central Time

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Manufacturing’s contribution to the MEI decreased to –0.06 in September from +0.11 in August, recording its first negative value since September 2009. The pace of manufacturing activity decreased in Illinois, Iowa, Michigan, and Wisconsin, but was unchanged in Indiana. Manufacturing’s contribution to the relative MEI decreased slightly to +0.17 in September from +0.20 in August.

The construction and mining sector’s contribution to the MEI moved up to –0.15 in September from –0.25 in August. The pace of construction and mining activity improved in Illinois, Indiana, Michigan, and Wisconsin, but was unchanged in Iowa. Construction and mining’s contribution to the relative MEI increased to –0.04 in September from –0.19 in August.

The service sector contributed –0.07 to the MEI in September, down slightly from –0.06 in August. The pace of service sector activity was lower in Iowa and Michigan, but was higher in Illinois and Wisconsin and steady in Indiana. The service sector’s contribution to the relative MEI increased to +0.04 in September from –0.17 in August.

The contribution from consumer spending indicators to the MEI decreased to –0.24 in September from –0.19 in August. Consumer spending indicators were down in all five Seventh District states. Consumer spending’s contribution to the relative MEI improved slightly to –0.21 in September from –0.22 in August.

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 129 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.

### 2012 MEI Release Dates

<table>
<thead>
<tr>
<th>Date of Release</th>
<th>Monthly Data for</th>
<th>GSP Growth Forecasts through</th>
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<tbody>
<tr>
<td>November 30, 2012</td>
<td>October 2012</td>
<td>November 2012</td>
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<tr>
<td>December 28, 2012</td>
<td>November 2012</td>
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MEI historical data and background information are available at [www.chicagofed.org/mei](http://www.chicagofed.org/mei).