**Midwest Economy Index**

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

The Midwest Economy Index (MEI) increased to +0.27 in March from +0.21 in February, remaining positive for the third straight month. The relative MEI, however, decreased slightly to +0.01 in March from +0.04 in February. March’s value for the relative MEI suggests that the Midwest economy is growing at a rate historically consistent with the growth of the national economy.

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**Notes:** The map’s shading summarizes the most recent contribution to growth in Midwest economic activity from each of the five states in the Seventh Federal Reserve District (Illinois, Indiana, Iowa, Michigan, and Wisconsin). The values displayed in the map are the year-to-date forecasts of annual growth in real gross state product (GSP) using data through the fourth quarter of 2012. U.S. GSP growth indicates year-to-date annual real gross domestic product growth over the same period.

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Manufacturing’s contribution to the MEI increased to +0.24 in March from +0.15 in February, registering its highest value in eight months. The pace of manufacturing activity increased in Illinois, Iowa, Michigan, and Wisconsin, but was unchanged in Indiana. Manufacturing’s contribution to the relative MEI increased to +0.10 in March from +0.03 in February.

The construction and mining sector’s contribution to the MEI improved to –0.06 in March from –0.09 in February. The pace of construction and mining activity increased in Illinois, Indiana, and Michigan, but decreased in Iowa and was steady in Wisconsin. Construction and mining’s contribution to the relative MEI increased to +0.01 in March from –0.03 in February.

The service sector contributed +0.11 to the MEI in March, down from +0.14 in February. The pace of service sector activity was lower in Illinois, Indiana, and Iowa, but higher in Michigan and Wisconsin. The service sector’s contribution to the relative MEI fell to –0.02 in March from +0.08 in February.

The contribution from consumer spending indicators to the MEI moved down to –0.02 in March from +0.01 in February. Consumer spending indicators were, on balance, down in Illinois, Indiana, and Wisconsin, but up in Iowa and Michigan. Consumer spending’s contribution to the relative MEI decreased to –0.08 in March from –0.04 in February.

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.