

# News Release

Embargoed for release:  
**8:30 am Eastern Time**  
**7:30 am Central Time**  
**June 30, 2014**

Contact:  
**Laura LaBarbera**  
**Media Relations**  
**Federal Reserve Bank of Chicago**  
**312-322-2387**

### 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.

The next MEI will be released:  
**July 31, 2014**  
**8:30 am Eastern Time**  
**7:30 am Central Time**

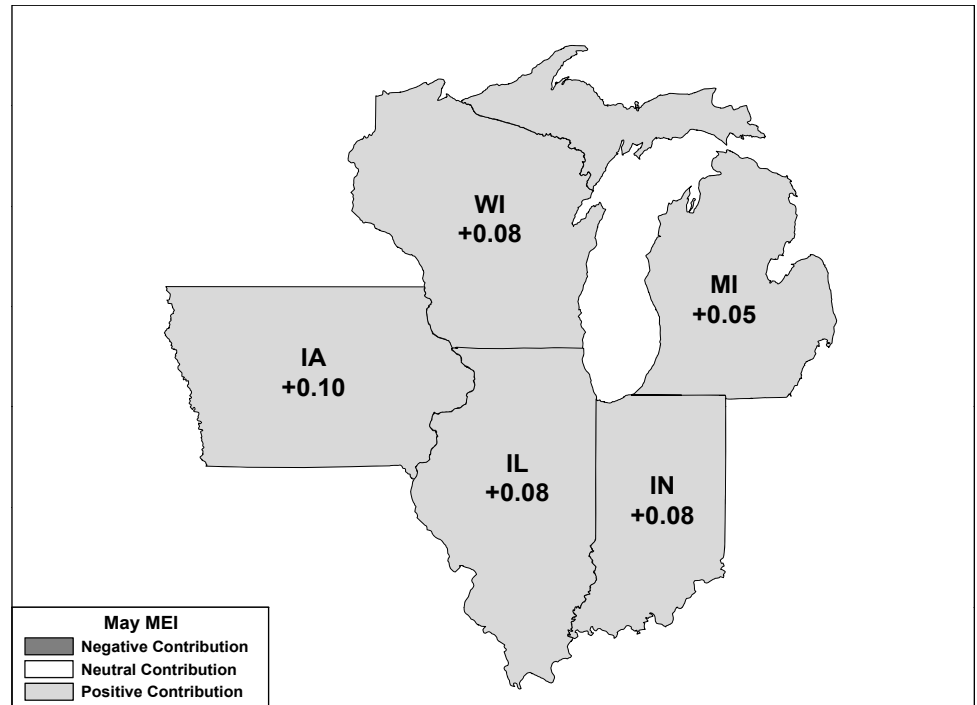
**FEDERAL RESERVE BANK  
 OF CHICAGO**

# Midwest Economy Index

## Index shows Midwest economic growth increased in May

Led by improvements in the manufacturing sector, the Midwest Economy Index (MEI) increased to +0.41 in May from +0.11 in April, reaching its highest level since December 2013. However, the relative MEI remained negative for the third straight month, after edging down to -0.38 in May from -0.36 in the previous month. May's value for the relative MEI indicates that Midwest economic growth was moderately lower than would typically be suggested by the growth rate of the national economy.

### MEI and the Seventh Federal Reserve District States



Note: 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).

### Sectoral and Geographic Contributions to the MEI and Relative MEI

#### May 2014

##### MEI

	Illinois	Indiana	Iowa	Michigan	Wisconsin	Regional	
<b>Manufacturing</b>	+0.06	+0.01	+0.07	+0.03	+0.07	+0.02	<b>+0.27</b>
<b>Construction</b>	-0.01	-0.01	+0.02	0.00	+0.01	-0.01	<b>0.00</b>
<b>Services</b>	-0.04	+0.03	-0.01	-0.03	-0.03	0.00	<b>-0.08</b>
<b>Consumer</b>	+0.07	+0.06	+0.01	+0.04	+0.03	+0.01	<b>+0.21</b>
	<b>+0.08</b>	<b>+0.08</b>	<b>+0.10</b>	<b>+0.05</b>	<b>+0.08</b>	<b>+0.02</b>	<b>+0.41</b>

##### Relative MEI

	Illinois	Indiana	Iowa	Michigan	Wisconsin	Regional	
<b>Manufacturing</b>	+0.01	0.00	-0.07	0.00	+0.03	-0.03	<b>-0.06</b>
<b>Construction</b>	-0.01	-0.01	+0.03	+0.01	+0.02	0.00	<b>+0.04</b>
<b>Services</b>	-0.17	-0.02	-0.07	-0.09	-0.12	0.00	<b>-0.48</b>
<b>Consumer</b>	+0.04	+0.03	+0.01	+0.03	+0.01	-0.01	<b>+0.12</b>
	<b>-0.13</b>	<b>-0.01</b>	<b>-0.10</b>	<b>-0.06</b>	<b>-0.05</b>	<b>-0.04</b>	<b>-0.38</b>

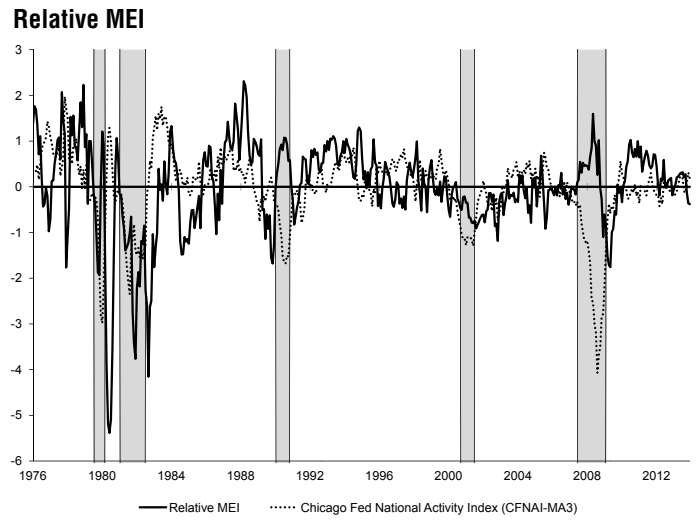
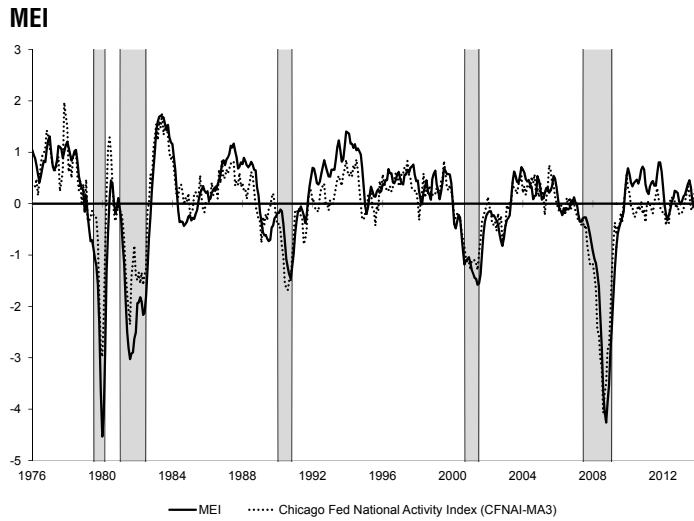
Notes: The table summarizes the most recent contribution to the MEI and relative MEI by sector and geography. The sectoral (rows) and geographic (columns) contributions may not sum to the index in each time period because of rounding. Manufacturing and construction and mining are composed of production 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 increased to +0.27 in May from +0.12 in April. The pace of manufacturing activity increased in Iowa, Michigan, and Wisconsin, but decreased in Indiana and was unchanged in Illinois. Manufacturing's contribution to the relative MEI decreased to -0.06 in May from -0.02 in April.

The construction and mining sector made a neutral contribution to the MEI in May, up slightly from -0.02 in April. The pace of construction and mining activity was higher in Indiana and Iowa, but lower in Michigan and Wisconsin and unchanged in Illinois. Construction and mining's contribution to the relative MEI moved up to +0.04 in May from +0.02 in April.

The service sector contributed -0.08 to the MEI in May, up from -0.18 in April. The pace of service sector activity increased in Indiana, Iowa, Michigan, and Wisconsin, but was unchanged in Illinois. The service sector's contribution to the relative MEI increased to -0.48 in May from -0.56 in April.

The contribution from consumer spending indicators to the MEI moved up to +0.21 in May from +0.18 in April. Consumer spending indicators were, on balance, up in Illinois and Wisconsin, but down in Michigan and steady in Indiana and Iowa. Consumer spending's contribution to the relative MEI decreased to +0.12 in May from +0.19 in April.



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.

### 2014 MEI Release Dates

<i>Date of Release</i>	<i>Monthly Data for</i>	<i>GSP Growth Forecasts through</i>
<b>July 31, 2014</b>	<b>June 2014</b>	
<b>August 29, 2014</b>	<b>July 2014</b>	
<b>September 30, 2014</b>	<b>August 2014</b>	<b>2014:Q2</b>
<b>October 31, 2014</b>	<b>September 2014</b>	
<b>December 3, 2014</b>	<b>October 2014</b>	
<b>December 30, 2014</b>	<b>November 2014</b>	<b>2014:Q3</b>

**MEI historical data and background information are available at [www.chicagofed.org/mei](http://www.chicagofed.org/mei).**  
**Gross state product (GSP) growth forecasts are available at [www.chicagofed.org/webpages/region/midwest\\_economy/index\\_data.cfm](http://www.chicagofed.org/webpages/region/midwest_economy/index_data.cfm).**