**Midwest Economy Index**

Index shows Midwest growth increased slightly in December

The Midwest Economy Index (MEI) moved up to –0.15 in December from –0.20 in November. The relative MEI rose to +0.28 in December from +0.08 in November. December’s value for the relative MEI indicates that Midwest economic growth was somewhat higher than what would typically be suggested by the growth rate of the national economy.

**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.

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The next MEI will be released:
March 31, 2016
8:30 am Eastern Time
7:30 am Central Time

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Manufacturing’s contribution to the MEI was unchanged at –0.21 in December. The pace of manufacturing activity decreased in Illinois, Iowa, and Michigan, but increased in Wisconsin and was unchanged in Indiana. Manufacturing’s contribution to the relative MEI increased to –0.05 in December from –0.09 in November.

The construction and mining sector’s contribution to the MEI increased to +0.02 in December from –0.06 in November. The pace of construction and mining activity was higher in all five District states. Construction and mining’s contribution to the relative MEI was +0.14 in December, up from –0.01 in November.

The service sector’s contribution to the MEI was unchanged at –0.04 in December. The pace of service sector activity was down in Illinois, Indiana, and Wisconsin, but up in Iowa and Michigan. The service sector’s contribution to the relative MEI ticked up to +0.06 in December from +0.05 in November.

The contribution from consumer spending indicators to the MEI ticked down to +0.08 in December from +0.10 in November. Consumer spending indicators were, on balance, down in Illinois and Indiana, but up in Iowa and steady in Michigan and Wisconsin. Consumer spending’s contribution to the relative MEI ticked up to +0.13 in December from +0.12 in November.