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 Midwest Economy Index (MEI) edged down to +0.39 in March from +0.44 in February. The relative MEI rose to +0.84 in March from +0.54 in February. March’s value for the relative MEI indicates that Midwest economic growth was moderately higher than would typically be suggested by the growth rate of the national economy.

The next MEI will be released:
May 29, 2015
8:30 am Eastern Time
7:30 am Central Time

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 moved down to +0.09 in March from +0.13 in February. The pace of manufacturing activity decreased in Illinois and Wisconsin, but increased in Iowa and was unchanged in Indiana and Michigan. Manufacturing’s contribution to the relative MEI rose to +0.19 in March from +0.12 in February.

The construction and mining sector contributed +0.01 to the MEI in March, down slightly from +0.04 in February. The pace of construction and mining activity was lower in Illinois, Indiana, and Wisconsin, but unchanged in Iowa and Michigan. Construction and mining’s contribution to the relative MEI increased to +0.13 in March from +0.11 in February.

The service sector contributed +0.21 to the MEI in March, down slightly from +0.23 in February. The pace of service sector activity decreased in Wisconsin, but was unchanged in Illinois, Indiana, Iowa, and Michigan. The service sector’s contribution to the relative MEI moved up to +0.42 in March from +0.25 in February.

The contribution from consumer spending indicators to the MEI edged up to +0.08 in March from +0.05 in February. Consumer spending indicators were, on balance, up in Iowa, Michigan, and Wisconsin, but steady in Illinois and Indiana. Consumer spending’s contribution to the relative MEI increased to +0.09 in March from +0.06 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.