

## News Release

Embargoed for release:  
8:30 am Eastern Time  
7:30 am Central Time  
December 30, 2016

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### 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 (in standard deviation units); 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 (in standard deviation units); and negative values indicate below-average relative growth.

The next MEI will be released:  
January 31, 2017  
8:30 am Eastern Time  
7:30 am Central Time

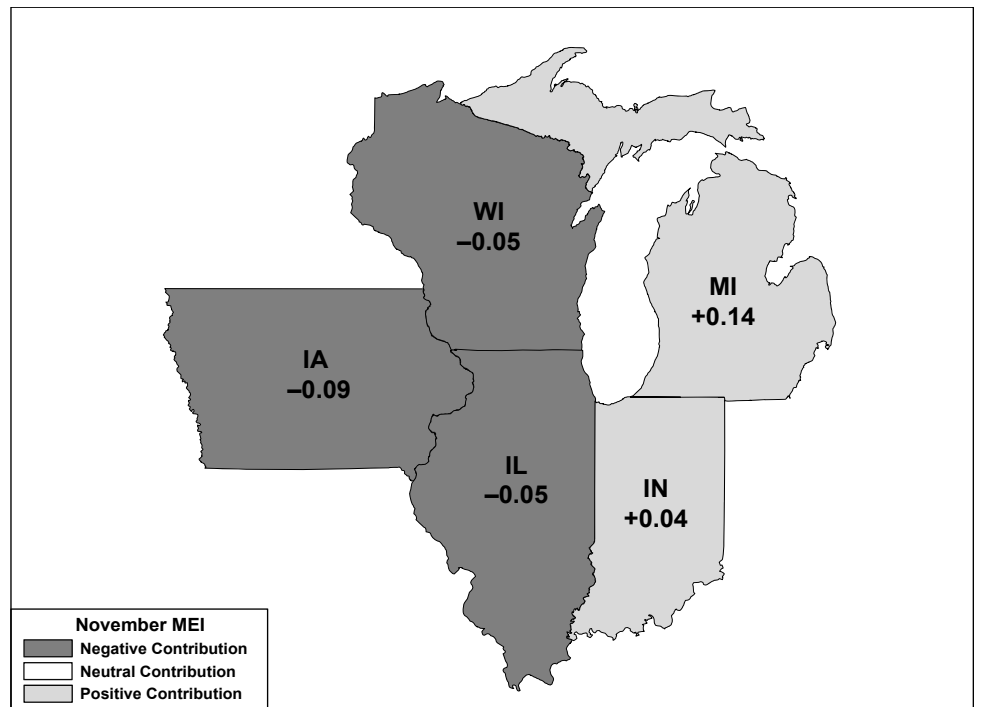
FEDERAL RESERVE BANK  
OF CHICAGO

# Midwest Economy Index

## Index shows Midwest economic growth steady in November

The Midwest Economy Index (MEI) decreased slightly to  $-0.01$  in November from a neutral reading in October. The relative MEI decreased to  $+0.20$  in November from  $+0.22$  in October. November'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.

### 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

#### November 2016

MEI	Illinois	Indiana	Iowa	Michigan	Wisconsin	Regional	
Manufacturing	-0.01	0.00	-0.07	+0.08	+0.01	-0.01	<b>+0.01</b>
Construction	-0.01	-0.01	-0.01	+0.02	-0.01	0.00	<b>-0.03</b>
Services	-0.03	+0.05	-0.03	+0.04	-0.05	0.00	<b>-0.02</b>
Consumer	+0.01	0.00	+0.01	0.00	+0.01	+0.01	<b>+0.04</b>
	<b>-0.05</b>	<b>+0.04</b>	<b>-0.09</b>	<b>+0.14</b>	<b>-0.05</b>	<b>0.00</b>	<b>-0.01</b>

#### Relative MEI

	Illinois	Indiana	Iowa	Michigan	Wisconsin	Regional	
Manufacturing	+0.01	0.00	+0.06	+0.10	+0.02	+0.02	<b>+0.22</b>
Construction	-0.01	-0.01	-0.02	+0.05	-0.03	0.00	<b>-0.01</b>
Services	-0.02	+0.04	-0.03	+0.07	-0.08	0.00	<b>-0.02</b>
Consumer	0.00	0.00	+0.01	0.00	+0.01	0.00	<b>+0.02</b>
	<b>-0.02</b>	<b>+0.02</b>	<b>+0.03</b>	<b>+0.23</b>	<b>-0.07</b>	<b>+0.01</b>	<b>+0.20</b>

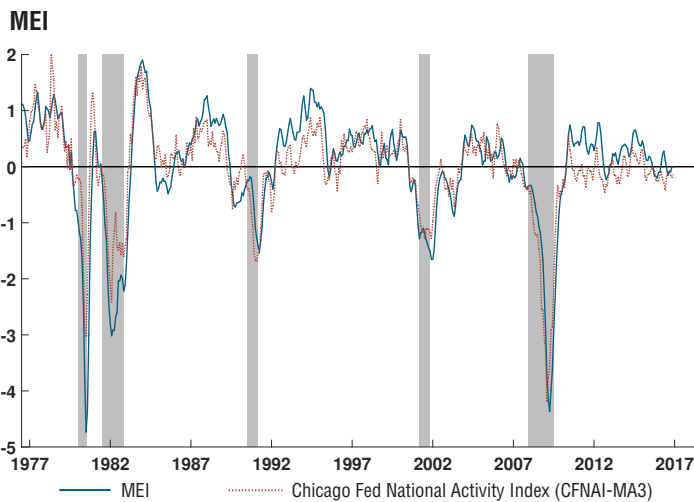
Notes: The table summarizes the most recent contribution to the MEI and relative MEI by sector and geography. The sectoral (rows) and geographic (columns) contributions may not sum to the index in each time period because of rounding. Manufacturing and construction and mining are composed of production and employment indicators. Services contains only employment indicators, while consumer spending contains employment, unemployment, per capita personal income, and home and retail sales indicators.

The manufacturing sector's contribution to the MEI increased to +0.01 in November from a neutral reading in October. The pace of manufacturing activity increased in Illinois and Indiana, but decreased in Iowa and Michigan and was unchanged in Wisconsin. Manufacturing's contribution to the relative MEI increased to +0.22 in November from +0.19 in October.

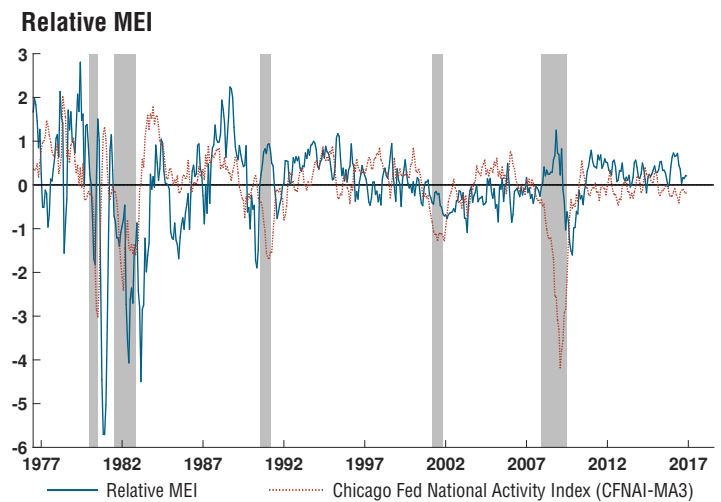
The construction and mining sector's contribution to the MEI ticked up to -0.03 in November from -0.04 in October. The pace of construction and mining activity was higher in Illinois, Indiana, Michigan, and Wisconsin, but lower in Iowa. Construction and mining's contribution to the relative MEI was unchanged at -0.01 in November.

The service sector's contribution to the MEI decreased to -0.02 in November from +0.02 in October. The pace of service sector activity was down in Illinois, Iowa, and Wisconsin, but up in Indiana and Michigan. The service sector's contribution to the relative MEI fell to -0.02 in November from +0.04 in October.

The contribution from consumer spending indicators to the MEI moved up to +0.04 in November from +0.02 in October. Consumer spending indicators were, on balance, up in Iowa, Michigan, and Wisconsin, but down in Indiana and steady in Illinois. Consumer spending's contribution to the relative MEI increased to +0.02 in November from a neutral reading in October.



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.

### 2017 MEI Release Dates

<i><b>Date of Release</b></i>	<i><b>Monthly Data for</b></i>
<i><b>January 31, 2017</b></i>	<i><b>December 2016</b></i>
<i><b>March 31, 2017</b></i>	<i><b>January/February 2017</b></i>
<i><b>April 28, 2017</b></i>	<i><b>March 2017</b></i>
<i><b>May 31, 2017</b></i>	<i><b>April 2017</b></i>
<i><b>June 30, 2017</b></i>	<i><b>May 2017</b></i>
<i><b>July 31, 2017</b></i>	<i><b>June 2017</b></i>
<i><b>August 31, 2017</b></i>	<i><b>July 2017</b></i>
<i><b>September 29, 2017</b></i>	<i><b>August 2017</b></i>
<i><b>October 31, 2017</b></i>	<i><b>September 2017</b></i>
<i><b>November 30, 2017</b></i>	<i><b>October 2017</b></i>
<i><b>December 29, 2017</b></i>	<i><b>November 2017</b></i>