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 historically 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 has been associated with the Midwest economy expanding at its historical trend (average) rate of growth; positive values with above-average growth (in standard deviation units); and negative values with below-average growth. A zero value for the relative MEI has been associated with the Midwest economy growing at a rate historically consistent with the growth of the national economy; positive values with above-average relative growth (in standard deviation units); and negative values with below-average relative growth.

The Midwest Economy Index (MEI) decreased to −0.09 in September from +0.08 in August. Contributions to the September MEI from all four broad sectors of nonfarm business activity and four of the five Seventh Federal Reserve District states declined from August. The relative MEI decreased to −0.04 in September from +0.03 in August. Contributions to the September relative MEI from three of the four sectors and one of the five states decreased from August.
The manufacturing sector’s contribution to the MEI ticked down to +0.23 in September from +0.24 in August. The pace of manufacturing activity decreased in Illinois, Michigan, and Wisconsin, but increased in Indiana and was unchanged in Iowa. Manufacturing’s contribution to the relative MEI decreased to +0.28 in September from +0.33 in August.

The construction and mining sector’s contribution to the MEI edged down to –0.12 in September from –0.09 in August. The pace of construction and mining activity was slower in Illinois, Indiana, and Iowa, but unchanged in Michigan and Wisconsin. Construction and mining made a contribution of –0.10 to the relative MEI in September, down slightly from –0.09 in August.

The service sector made a contribution of –0.08 to the MEI in September, down from –0.05 in August. The pace of service sector activity was down in Illinois and Wisconsin, but unchanged in Indiana, Iowa, and Michigan. The service sector’s contribution to the relative MEI edged up to –0.15 in September from –0.17 in August.

The contribution from consumer spending indicators to the MEI decreased to –0.11 in September from –0.03 in August. Consumer spending indicators were, on balance, down in Illinois, Indiana, Michigan, and Wisconsin, but up in Iowa. Consumer spending’s contribution to the relative MEI decreased to –0.07 in September from –0.03 in August.