News You Can Use

An Introduction to Chicago Fed Indexes
The Midwest Economy Index (MEI)

Similar to the CFNAI, but for the Midwest nonagricultural economy

- Weighted average of 129 state/regional indicators
- Estimated by principal components analysis
- Covers four broad sectors of the Midwest economy
  - Manufacturing, Services, Construction and Mining, Consumer Spending
- Spans the five states in the Seventh Federal Reserve District
  - IL, IN, IA, MI, WI
- First introduced in Brave and Lu (2010)
- Released near the end of each month at chicagofed.org/mei
Interpreting the MEI and Relative MEI

Smoothed monthly indexes (like the CFNAI-MA3)

- **MEI** interprets Midwest growth relative to trend
- Scale is in standard deviations from trend growth
- **Relative MEI** compares Midwest and U.S. growth
  - Positive values indicate *above-average* differential
  - Negative values indicate *below-average* differential
  - Scale is in standard deviations from *average* differential
MEI and the CFNAI-MA3

Background Information
MEI and the CFNAI-MA3

Background Information
MEI by Sector of the Midwest Economy

Background Information
MEI and the Seventh District States

Background Information
Midwest Economy Index

Relative MEI by Sector of the Midwest Economy

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Relative MEI and the Seventh District States

Background Information
Additional information available at chicagofed.org/research/data/index

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