Economic Research 15 December 2020



U.S. Data Review

Industrial production: continued recovery in manufacturing; mining shows signs of life

Utility output restrained by shifts in weather rather than economic fundamentals

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Industrial Production

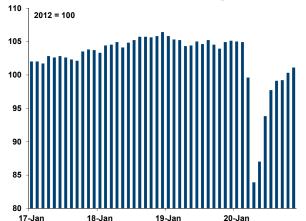
US

Industrial production rose 0.4 percent in November, a bit firmer than the consensus estimate of 0.3 percent. With the latest increase, industrial production has now recouped 71 percent of the ground lost in the spring. While the headline index rose only moderately, the internals of the report suggested a stronger underlying performance. Much of the gain in November reflected an increase of 0.8 percent in the manufacturing component (chart, left). Mining activity advanced 2.3 percent. The increase reestablished a recovery track after activity flattened in the prior four months (chart, right). Utility output dropped 4.3 percent, but the weak result was most likely driven by shifts in weather (reduced demand for home heating because of warmer-than-average temperatures) rather than economic fundamentals.

Revisions to prior data, on balance, also were favorable. The change in headline industrial production in November occurred from net upwardly revised results in the prior five months, with the cumulative adjustments leaving the level of IP in October 0.4 percent above the previous estimate. The level of manufacturing output in October was 0.4 percent higher, and the utility component was 1.1 percent firmer. In contrast, the level of the mining index in October was revised lower by 0.6 percent.

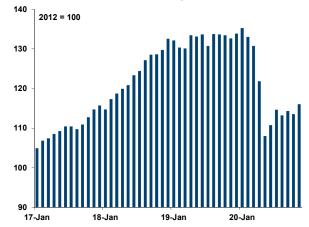
The increase of 0.8 percent in manufacturing output in November reflected advances in 10 of 20 major industry groups. Motor vehicle production stood out on the firm side, jumping 5.3 percent; manufacturing ex-autos posted a solid gain of 0.4 percent. The latest increase in total manufacturing activity represented the seventh consecutive increase, with the cumulative changes retracing more than 81 percent of the ground lost during the virus-related retreat in the spring.

Industrial Production: Manufacturing



Source: Federal Reserve Board via Haver Analytics

Industrial Production: Mining



Source: Federal Reserve Board via Haver Analytics

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