

## ECONOMIC ALERT

### U.S. INDUSTRIAL PRODUCTION– JUL 2018

Released Wednesday, August 15, 2018

**Industrial Production:** +0.1% month-over-month (Cons: +0.3%); +4.2% year-over-year

**Manufacturing Production:** +0.3% month-over-month (Cons: +0.3%); +2.8% year-over-year

**Capacity Utilization:** 78.1% (Cons: 78.2%); (78.1% prior month)

#### **Quick Take:**

Headline industrial production increased +0.1% month-over-month in July, which was below economists' estimates of a +0.3% increase. Mining production declined for the first time since January, falling -0.3% month-over-month, while utilities production fell -0.5% in July. Manufacturing production rose 0.3%, which was in line with economists' estimates. June industrial production was revised to a +1.0% increase from the initial reading of +0.6%, driven by upward revisions to mining and utilities production.

In July, year-over-year headline industrial production growth reached its highest level since February 2012, driven by mining production and durable goods manufacturing, which together accounted for over 80% of the year-over-year growth in headline industrial production. Taking a step back, while year-over-year manufacturing production growth has improved considerably since 2016, the current pace of +2.8% annual growth remains subdued relative to the early part of this economic cycle as well previous economic expansions. Nevertheless, the recent acceleration in manufacturing suggests demand remains healthy, which is consistent with the current levels of consumption growth and low levels of unemployment.

#### **Notable Data:**

Year-over-year growth in headline industrial production was +4.2% in July, up from +4.0% growth in June. Mining production grew +12.9% year-over-year, down slightly from +13.0% growth in the prior month. Utilities production was up +2.3% on a year-over-year basis, lower than June's +3.7% pace of growth. Manufacturing production was up +2.8% year-over-year as of July, the highest pace of growth since June 2012.

In July, durable manufacturing increased +0.4% month-over-month as motor vehicles and parts production rose +0.9% month-over-month and computer and electronic product

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manufacturing rose +1.3%. On a year-over-year basis, durable manufacturing increased +4.5% year-over-year. Non-durable manufacturing increased +0.2% month-over-month in July and was up +1.4% year-over-year.

Capacity utilization for headline industrial production was unchanged at 78.1% in July, while capacity utilization for manufacturing rose to 75.9% from 75.7%.