

18.Oct.2022

## **Industrial Production: Upside Surprise, But 4Q Still In Doubt**

**Bottom Line:** Industrial production rose more than expected in August, offering "hard data" to confirm "soft" survey data that had suggested production held up even as new orders fell in the 3rd Quarter. Manufacturers were able to continue to boost production modestly, filling a large book of order backlogs, even as new orders fell. Key sectors like autos and aircraft saw an acceleration in growth through August, but makers of components, electrical equipment, and appliances saw sharply decelerating growth on a trend basis through, suggesting a potential slowdown for end-product producers over the remainder of the year. **Overall, industrial production continued to grow through August, but most, more timely indicators suggest a slowdown in the 4th Quarter.**

## Industrial Production Total IP



Contingent Macro Advisors 2022 source: Federal Reserve, Consensus from Bloomberg LP

**Industrial Production** ROSE by 0.38% in September, compared with market expectations for an increase of 0.1%. Moreover, the prior month was revised from -0.2% up to -0.1%. Output is now 5.3% ABOVE its year-ago level.

**Mining Output** ROSE by 0.7%, and is now 11.1% ABOVE its year-ago level. **Utility Generation** FELL by 0.4% and is now 0.5% ABOVE its year-ago level.

**Manufacturing Output** ROSE by 0.4% and is now 4.7% ABOVE its year-ago level. Output in high-tech industries rose by 0.9%. Meanwhile, output in the motor vehicle industry rose by 0.9%. Excluding both the high-tech and motor vehicles industries, industrial output climbed by 0.4%.

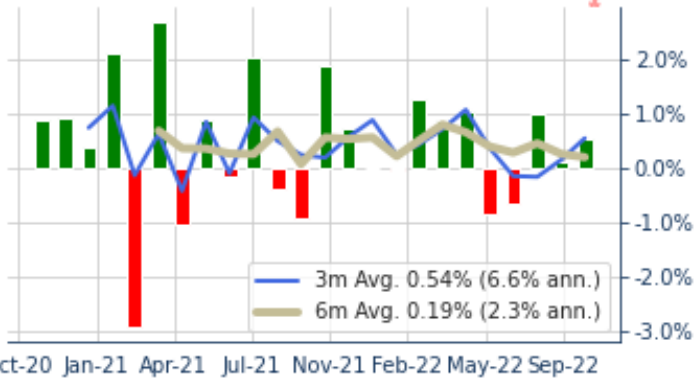
**Capacity Utilization** ROSE by 0.2 points to 80.3%, compared with market expectations for a smaller no change to 80.0%. Moreover, the prior month was revised from 80.0% to 80.1%. The capacity utilization rate is now 2.9 percentage

points above its year-ago level and 0.3 percentage points above its long-run (1972–2015) average.

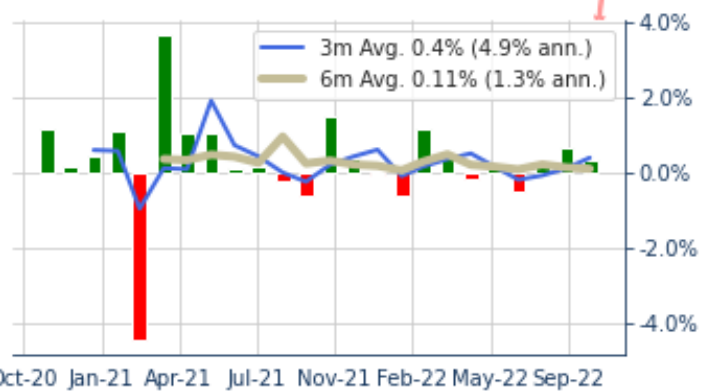


Contingent Macro Advisors 2022 source: Federal Reserve, Consensus from Bloomberg LP

# Durable manufacturing

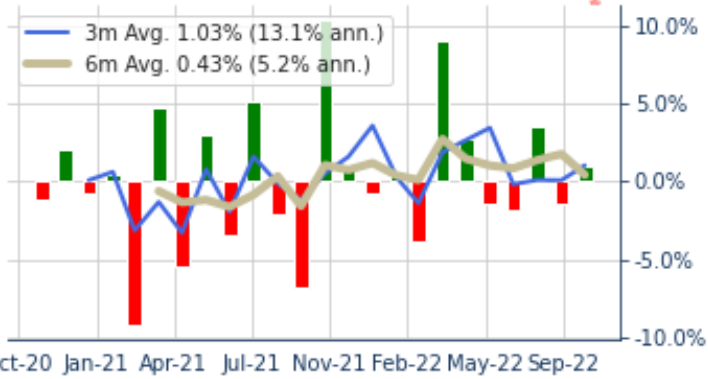
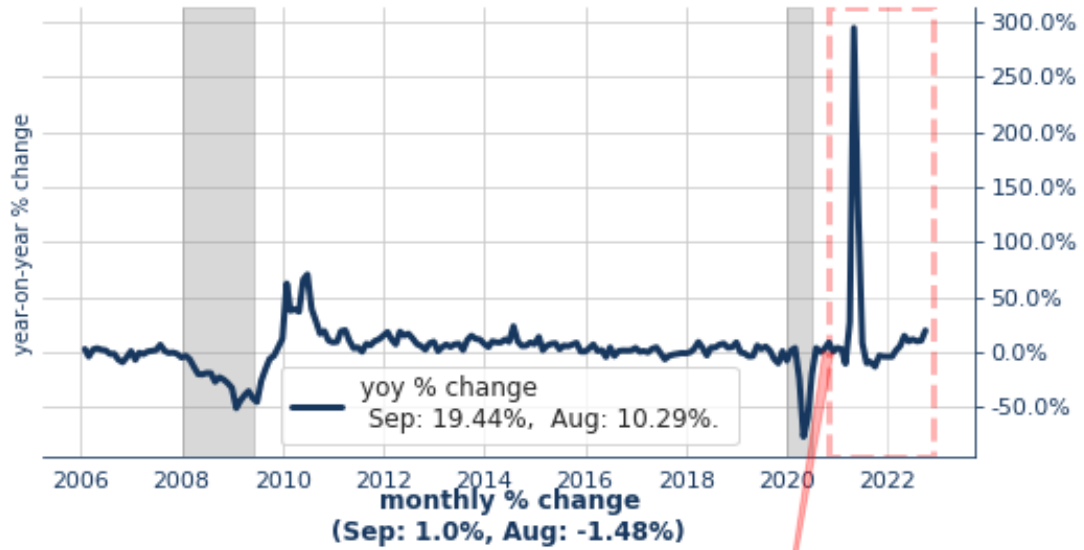


# Nondurable manufacturing

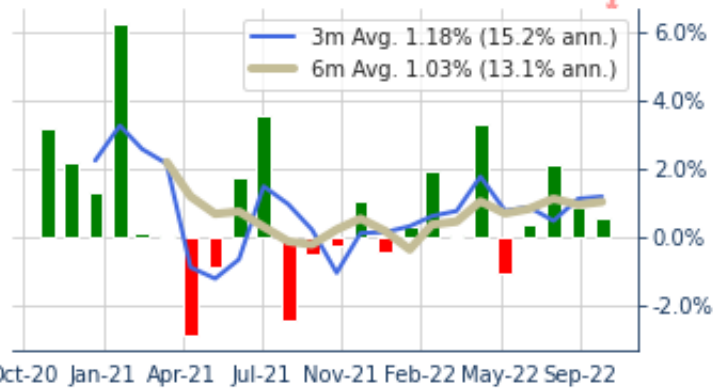


Contingent Macro Advisors 2022 source: Federal Reserve, Consensus from Bloomberg LP

# Motor vehicles and parts

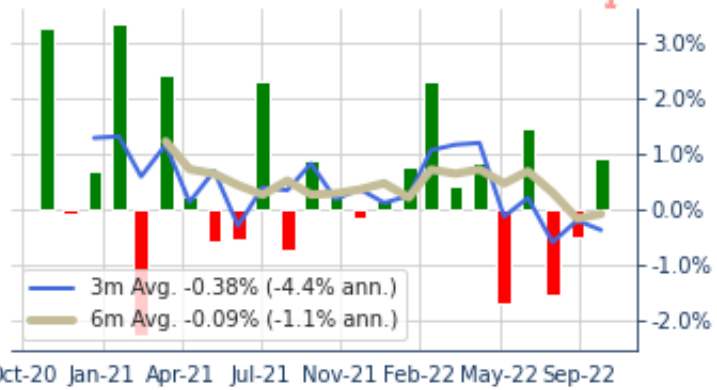


# Aerospace and miscellaneous transportation equipment



Contingent Macro Advisors 2022 source: Federal Reserve, Consensus from Bloomberg LP

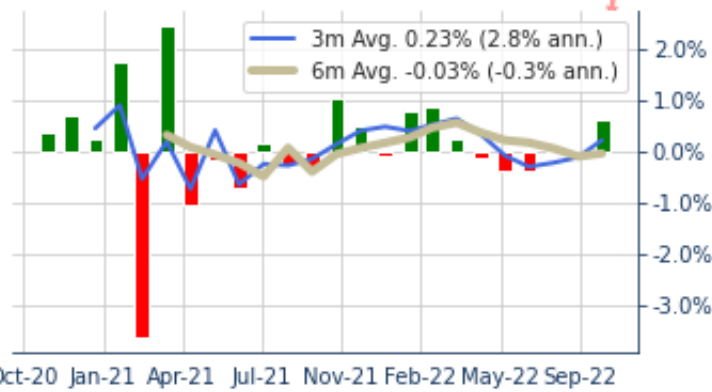
# Electrical equip., appliances, and component



Contingent Macro Advisors 2022 source: Federal Reserve, Consensus from Bloomberg LP



## Food, beverage, and tobacco products



Contingent Macro Advisors 2022 source: Federal Reserve, Consensus from Bloomberg LP

	Percent Change										
	Monthly % Changes				Annual Rates of % Change						
	Sep-22	Aug-22	Jul-22	Jun-22	Three Month	Six Month	Twelve Month	2020	2019	Five Year	Ten Year
<b>Industrial Production</b>	<b>0.38</b>	<b>-0.1</b>	<b>0.7</b>	<b>-0.1</b>	<b>4.2</b>	<b>3.1</b>	<b>5.3</b>	<b>-3.3</b>	<b>-2.2</b>	<b>-0.1</b>	<b>0.5</b>
previous estimate		-0.2	0.7	-0.1							
Mining	0.7	0.0	1.2	1.7	7.8	10.6	11.1	-15.2	-1.3	0.4	1.7
Utilities	-0.4	-3.3	0.5	0.3	-12.4	1.4	0.5	1.3	-0.9	1.6	-0.2
Manufacturing	0.4	0.4	0.6	-0.6	5.7	1.5	4.7	-2.2	-2.4	-0.5	0.2
High-Tech Industries	0.9	0.1	0.1	1.4	4.4	2.5	4.9	8.1	8.8	8.0	7.8
Ex-high tech	0.4	0.2	0.8	-0.6	5.7	1.8	4.6	-1.9	-2.9	-0.7	0.0
Motor Vehicles & Parts	0.9	-1.5	3.6	-1.8	12.6	4.9	19.4	2.9	-10.7	0.6	4.0
Ex-motor vehicles	0.4	0.5	0.4	-0.5	5.2	1.2	3.6	-2.6	-1.6	-0.6	-0.1
Ex-high tech & motor vehic	0.4	0.5	0.4	-0.5	5.3	1.2	3.7	-2.9	-2.0	-0.9	-0.4
Aerospace & misc	0.6	0.9	2.1	0.3	15.5	13.1	9.3	-13.2	3.5	-2.1	0.4
<b>Addendum:</b>											
Business Equipment	0.4	1.6	0.8	-0.1	12.1	7.2	8.2	-8.0	-3.4	-1.0	0.2
Construction Supplies	1.1	-0.4	0.9	-1.0	6.3	0.8	3.6	0.1	-2.3	0.2	1.5
<b>Capacity Utilization Rate</b>	<b>80.3</b>	<b>80.1</b>	<b>80.3</b>	<b>79.8</b>	<b>80.3</b>	<b>80.1</b>	<b>79.6</b>	<b>74.1</b>	<b>76.5</b>	<b>76.4</b>	<b>76.9</b>
		80.0	80.3	79.8							

Source: Federal Reserve Board via Bloomberg. Our calculations.

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