

16.Nov.2022

Industrial Production: Hard Data Confirms Surveys

Bottom Line: The Federal Reserve's industrial production report for October offered "hard data" to confirm what we have been seeing in the "soft" survey data.

Manufacturing activity slowed sharply in the 3rd Quarter and was falling by early in the 4th. Annualized total production in the six months that ended in October was just 0.8%, with the last three months declining slightly. High-value-added industries like tech have seen declines. While autos and aerospace slowed, the sectors continued to see positive growth. Overall, these data confirm the manufacturing sector moved from a tailwind to a headwind for GDP growth in the early part of the 4th Quarter.

Industrial Production Total IP



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

Industrial Production FELL by 0.11% in October, compared with market expectations for an increase of 0.1%. Moreover, the prior month was revised from 0.4% down to 0.1%. Output is now 3.3% ABOVE its year-ago level.

In October, **Mining Output** FELL by 0.4%, and is now 6.9% ABOVE its year-ago level. **Utility Generation** FELL by 1.5% and is now 2.6% ABOVE its year-ago level. **Manufacturing Output** ROSE by 0.1% and is now 2.4% ABOVE its year-ago level. Output in high-tech industries fell by 0.6%. Meanwhile, output in the motor vehicle industry rose by 2.1%. Excluding both the high-tech and motor vehicles industries, industrial output was unchanged by 0.0%.

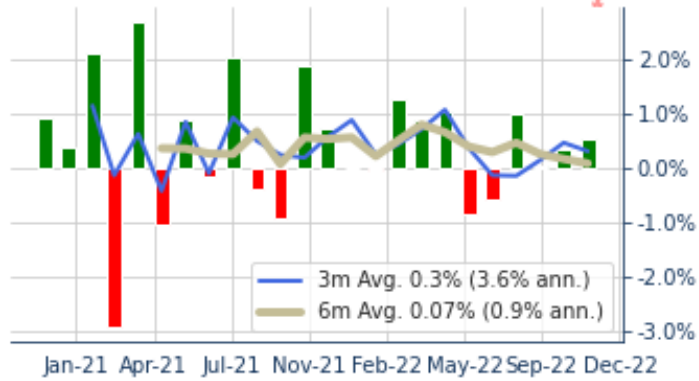
Capacity Utilization FELL by 0.2 points to 79.9%, compared with market expectations for a higher increase to 80.4%. Moreover, the prior month was revised from 80.3% to 80.1%. The capacity utilization rate is now 1.3 percentage points

above its year-ago level and 0.1 percentage points below its long-run average.

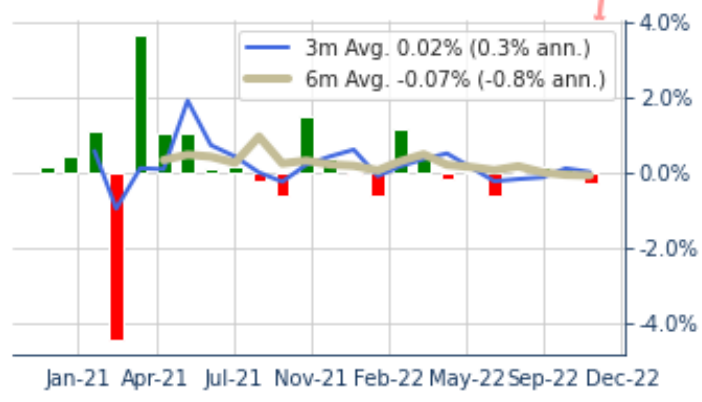


Contingent Macro Advisors 2022 source: Federal Reserve, Consensus from Bloomberg LP

Durable manufacturing

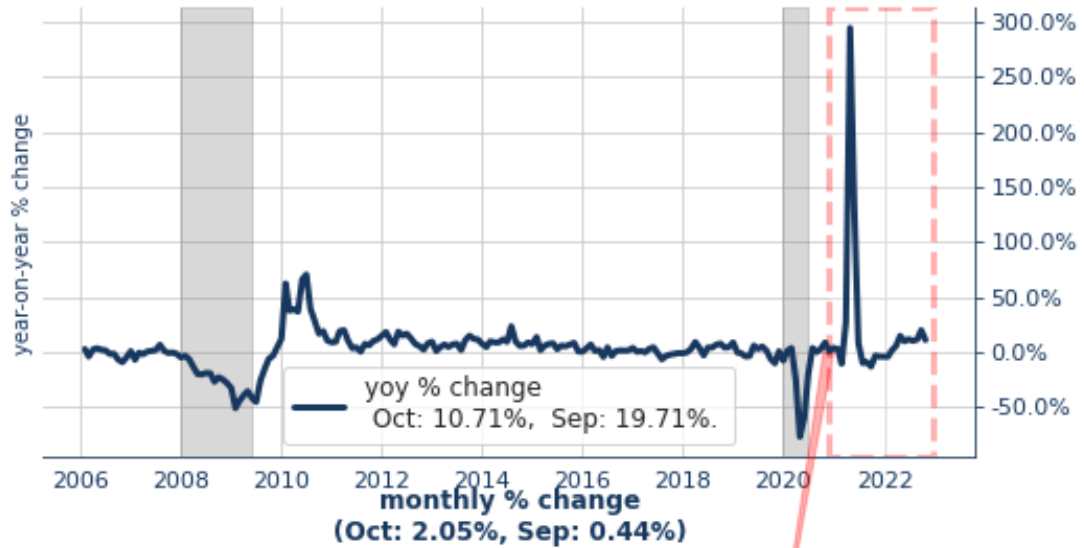


Nondurable manufacturing



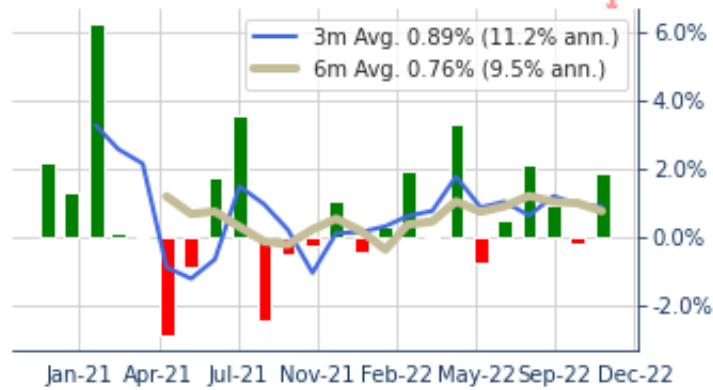
Contingent Macro Advisors 2022 source: Federal Reserve, Consensus from Bloomberg LP

Motor vehicles and parts



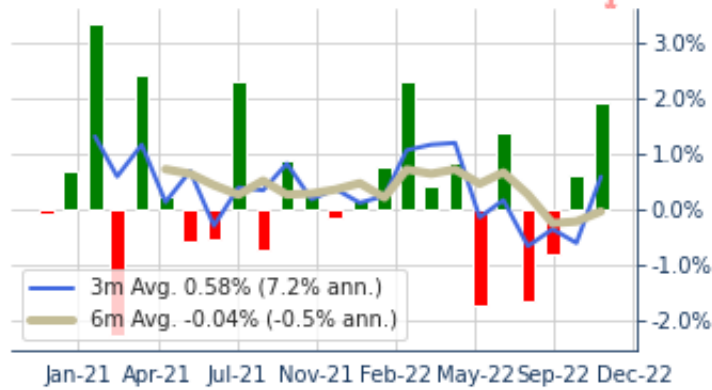
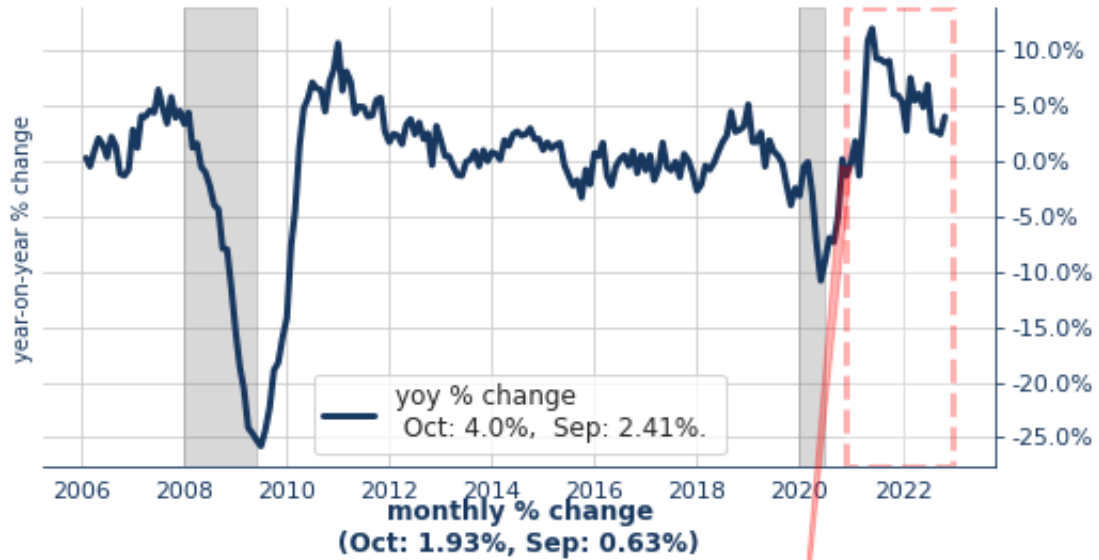
Contingent Macro Advisors 2022 source: Federal Reserve, Consensus from Bloomberg LP

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						
	Oct-22	Sep-22	Aug-22	Jul-22	Three Month	Six Month	Twelve Month	2020	2019	Five Year	Ten Year
Industrial Production	-0.11	0.1	-0.1	0.7	-0.3	0.8	3.3	-3.3	-2.2	-0.1	0.5
previous estimate		0.4	-0.1	0.7							
Mining	-0.4	0.8	-0.2	1.4	0.7	9.3	6.9	-15.2	-1.3	0.4	1.7
Utilities	-1.5	-1.6	-1.4	0.5	-16.7	-6.8	2.6	1.3	-0.9	1.6	-0.2
Manufacturing	0.1	0.2	0.1	0.5	1.9	-0.2	2.4	-2.2	-2.4	-0.5	0.2
High-Tech Industries	-0.6	0.0	-0.2	0.6	-3.4	3.8	2.6	8.1	8.8	8.0	7.8
Ex-high tech	0.3	0.2	0.0	0.5	2.0	-0.2	2.5	-1.9	-2.9	-0.7	0.0
Motor Vehicles & Parts	2.1	0.5	-1.1	3.9	5.7	4.0	10.8	2.9	-10.7	0.6	4.0
Ex-motor vehicles	0.0	0.2	0.2	0.2	1.6	-0.6	1.8	-2.6	-1.6	-0.6	-0.1
Ex-high tech & motor vehic	0.0	0.3	0.2	0.2	2.0	-0.6	1.8	-2.9	-2.0	-0.9	-0.4
Aerospace & misc	1.9	-0.2	0.9	2.1	11.1	9.4	11.3	-13.2	3.5	-2.1	0.4
Addendum:											
Business Equipment	0.8	0.8	1.0	0.6	11.1	5.6	7.6	-8.0	-3.4	-1.0	0.2
Construction Supplies	-0.7	0.6	-0.3	0.5	-1.5	-1.7	0.8	0.1	-2.3	0.2	1.5
Capacity Utilization Rate	79.9	80.1	80.0	80.2	80.0	80.0	79.7	74.1	76.5	76.4	76.9
		80.3	80.1	80.3							

Source: Federal Reserve Board via Bloomberg. Our calculations.
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