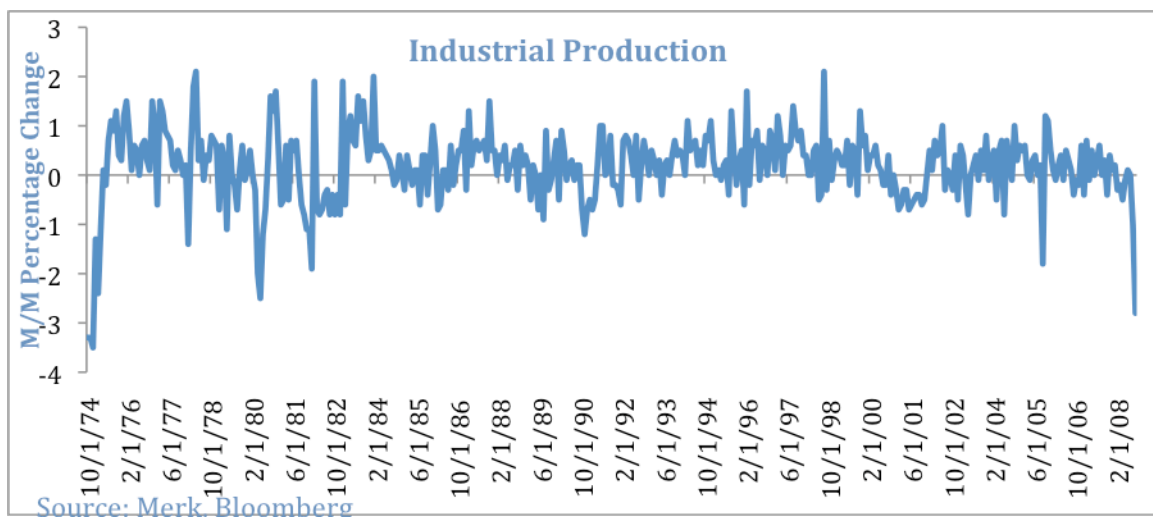




Industrial Production: September 2008

Industrial production saw the largest decline on a monthly basis since 1974, falling -2.8%, while capacity utilization declined to 76.4%. Ex-high tech, production declined -3.0%, ex-vehicles -3.0% and ex-tech and vehicles fell -3.2%. Among industry groups, manufacturing saw a -2.6% decline, utilities increased 2.2% and mining declined -7.8%. Production of motor vehicles and parts rose 1.9%, machinery fell -3.3% and computers and electronics was flat.



Industrial production took an enormous hit in September as the combination of the twin hurricanes to hit the Gulf Coast, the strike at Boeing and the credit crisis extracted a toll on manufacturing activity not seen in nearly four decades. Given the combination of decline in demand and capacity, this does not bode well for exports, which have been the primary catalyst of growth throughout the first half of the year. More importantly, the decline in demand will take another sizeable chunk out of what is already a rapidly declining workforce in the manufacturing sector.