

**Economics Group**

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**Industrial Production Increased Slightly in October**

**Total output at U.S. factories, mines and utilities increased 0.1 percent—a smaller-than-expected gain. Manufacturing production slipped 0.1 percent, the first drop since June as auto-related production fell off.**

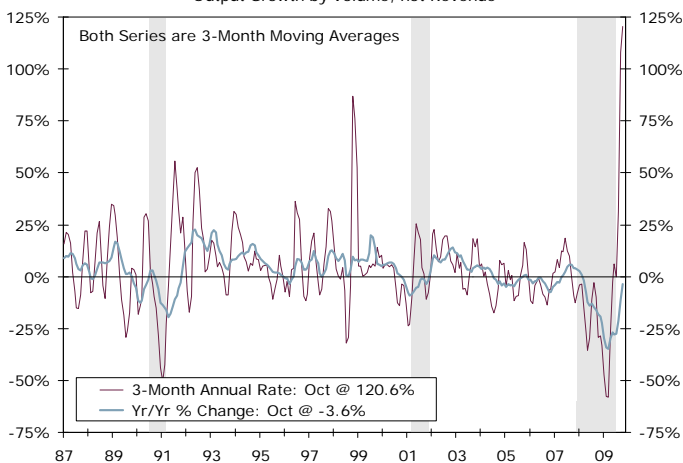
**Modest Gains in Production Outside of Autos**

- The boost to auto production from the cash-for-clunkers rebate program seems to be running out of gas, as motor vehicles and parts production slipped 1.7 percent. Outside of the auto sector, production picked up 0.1 percent in October, suggesting slow recovery in areas not directly benefitted by stimulus cash.
- Still, the fourth straight monthly gain for industrial production suggests overall output is slowly rebounding.

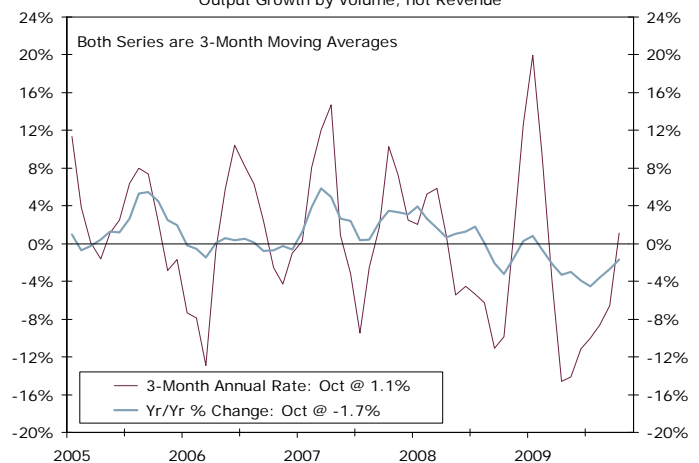
**Chilly October Spurs Gains at Utilities**

- It was the third coolest October on record, according to the National Oceanic and Atmospheric Administration. Utilities production jumped 1.3 percent on the month.
- Overall capacity utilization recovered somewhat but remains well below the lows of the past four recessions. The surplus of production capacity will keep inflation benign, and give the FOMC cover to keep rates low.

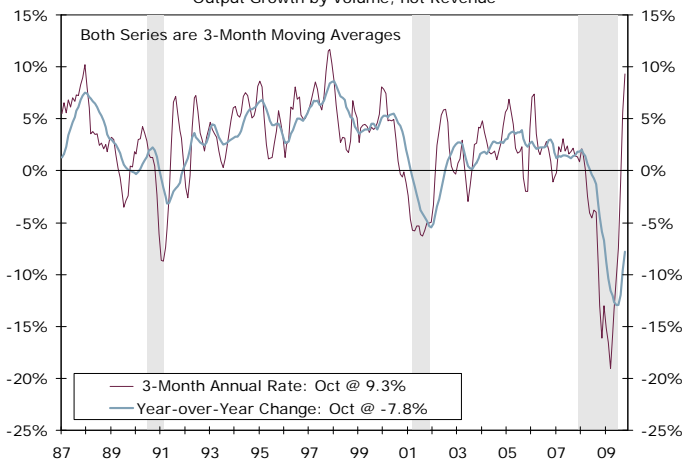
**Industrial Production - Motor Vehicles & Parts**  
 Output Growth by Volume, not Revenue



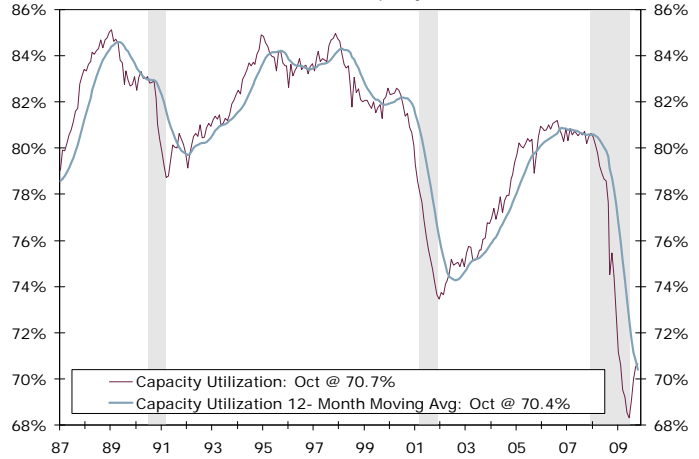
**Industrial Production - Utilities**  
 Output Growth by Volume, not Revenue



**Total Industrial Production Growth**  
 Output Growth by Volume, not Revenue



**Capacity Utilization**  
 Percent of Capacity



Source: Federal Reserve Board and Wells Fargo Securities, LLC

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