



Economics Group

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Industrial Production Up, Slow Factory Growth From Here

U.S. industrial production grew 0.2 percent in August. It was the 13th time in the last 14 months that output has expanded, but the previously reported 1.0 percent gain last month was revised to a 0.6 percent increase.

Output to Slow, Capacity Utilization a Non-Issue

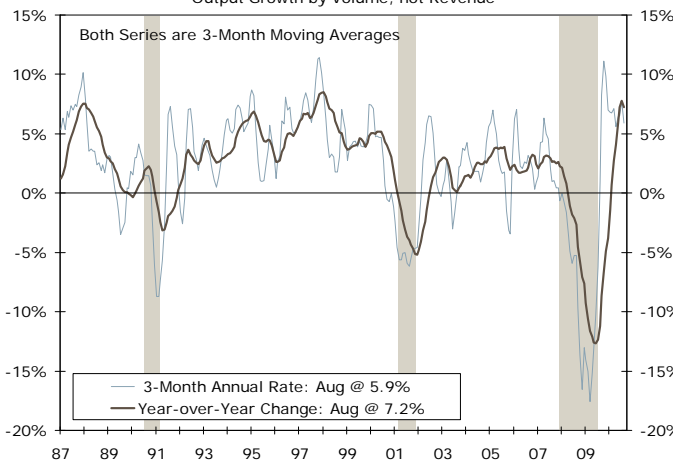
- The recovery in industrial production has continued with little interruption since July of 2009, but the pace of expansion in output is slowing. We expect output to slow in Q4.
- Capacity utilization continued its upward trend, though the increases are getting smaller. Still, there remains plenty of capacity in the system and at present levels there is little concern for inflationary pressure.

Absence of Summer Shutdown & Seasonality

- Auto output dropped 5.0 percent in August following a 9.5 percent gain the month before. The absence of a summer shutdown at many automakers may be throwing off the accuracy of seasonal adjustment factors.
- Computer and electronics output continued its winning streak, adding another 0.7 percent in August. After scrimping during the recession, businesses appear to be updating their hardware.

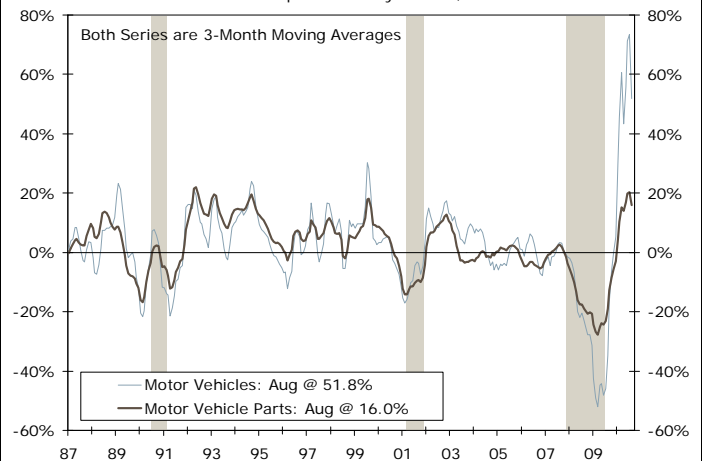
Total Industrial Production Growth

Output Growth by Volume, not Revenue



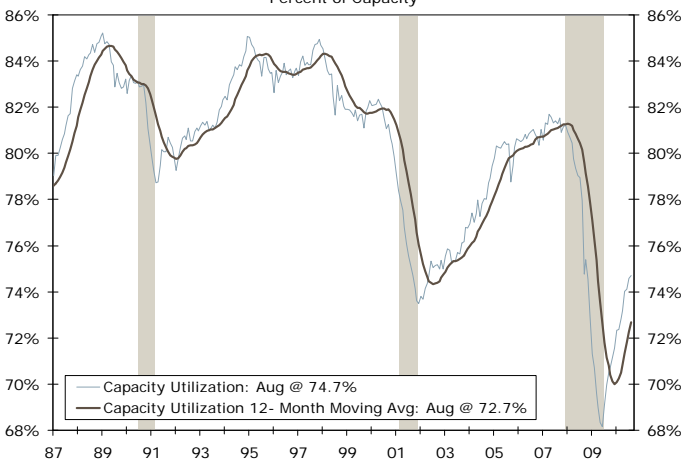
Industrial Production - Motor Vehicles & Parts

Year-over-Year Output Growth by Volume, Not Revenue



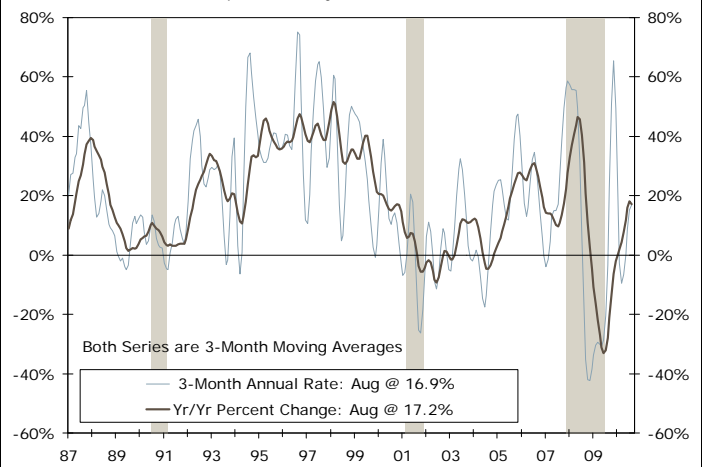
Capacity Utilization

Percent of Capacity



Industrial Production - Computer & Peripheral Equipment

Output Growth by Volume, not Revenue



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