

## Industrial Production (October) Returns to Growth

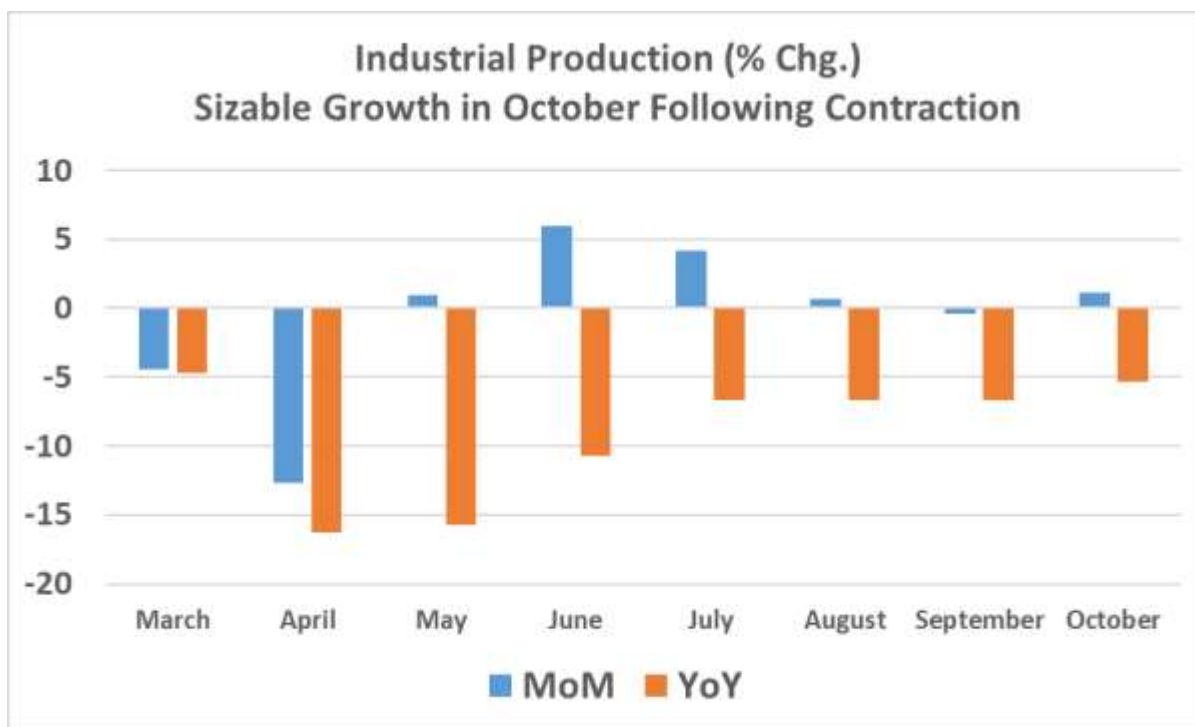
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**Industrial Production rose 1.1% MoM in October** (DE 0.9%, Consensus 1%) following a revised 0.4% contraction in September (originally -0.6%). Year-over-year, Production was down 5.3% after being down 6.7%. **Compared with February, Production was down 5.6%.**

### Data – Manufacturing Production Rises And Tallies Positive September Revision

- **Manufacturing Production** grew 1% after a revised 0.1% rise (originally -0.3%) but was down 3.9% YoY.
- **Mining** declined 0.6% following a 1.2% gain, and **Utilities** grew 3.9% from a 5.2% fall. Production in these two Industries was down 14.4% and 3% YoY.
- Production rose 0.8% for **Final Products**, with gains of 0.8% and 0.6% for Consumer Goods and Business Equipment.
- Production grew 2% for **Nonindustrial Supplies** and 1% for **Materials**.
- **Capacity Utilization** rose to 72.8% from 72%. For Manufacturing, Utilization increased to 71.7% from 71%.

Chart 1



Sources: Federal Reserve and Decision Economics, Inc. (DE)

## **Perspectives – Output to Extend Gains Via Inventory Rebuild, Barring Factory Restrictions**

Industrial Production grew at a considerable pace in October and **surpassed DE and Consensus forecasts.**

Manufacturing Production gained pace and recorded a **sixth month of progress.**

Inventories are generally low. As they steadily rebuild, **Production should notch further gains throughout Q4.**

The main risk for Production is that **outbreaks could result in factory restrictions**, thus constraining growth.