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# **U.S. Data Review**

US

- Industrial production: utility-led jump in output
- Mining activity also firm; manufacturing up slightly

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# **Industrial Production**

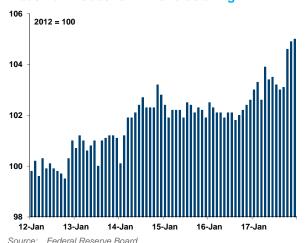
The industrial production index jumped 0.9 percent in December, easily beating the expected gain of 0.5 percent. However, most of this advance was the result of a 5.6 percent surge in utility output, which was more the result of a shift in temperatures toward colder-than-normal levels rather than economic fundamentals. Without the increase in utility production, the index would have been up approximately 0.3 percent.

The results in the manufacturing sector disappointed with an increase of only 0.1 percent (we were looking for an increase of 0.4 percent). More than half of the major industries published with the report posted gains (12 of 20 industries; one was unchanged), but some industries fell noticeably and constrained the total. Production of primary metals was the weakest area (off 1.5 percent), but declines in the production of furniture, plastics, and chemicals also contributed, as did the refining of petroleum. On the positive side, the motor vehicle industry was strong with an increase of 2.0 percent. Although December was not a strong month for manufacturing, recent results have generally been impressive. After hurricane-related softness in August and September, output jumped in October and advanced further in November and December, adding to the upward trend that began late last year (chart, left).

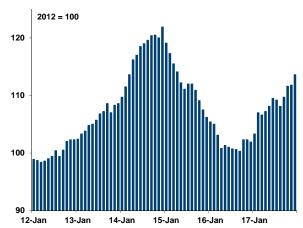
Mining activity was firm in December with an increase of 1.6 percent. An increase in the price of crude oil stirred drilling, and other activity was firm as well. After softening in 2015 and 2016, mining activity has picked up this year, although it remains below the peak of activity in late 2014 (chart, right).

Results in prior months were revised modestly overall (0.1 percent firmer on balance), but changes among sectors were more pronounced. Mining activity in prior months was softer than previously believed (equivalent to -0.3 percent), but utility production was stronger (equivalent to 0.9 percent). Manufacturing activity was a touch firmer (0.1 percent).

## **Industrial Production -- Manufacturing**



## **Industrial Production -- Mining**



Source: Federal Reserve Board

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