

U.S. Data Review

- Housing starts: solid results in both single-family and multi-family
- Industrial production: stable manufacturing and mining

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Housing Starts

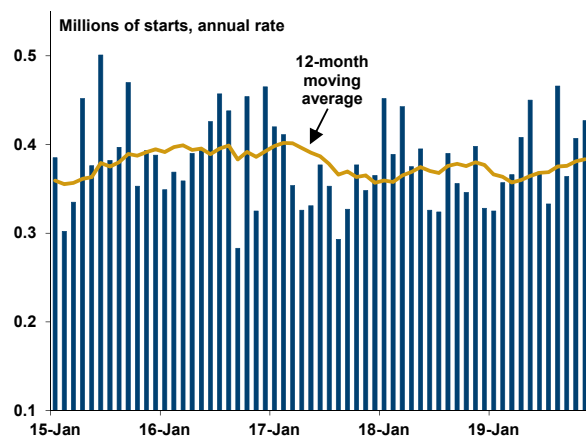
Housing starts rose 3.2 percent in November from a slightly upward revised level in October. The percent change exceeded the expected gain of 2.4 percent, and when combined with the upward revision, the advance left the level of starts at 1.365 million units, comfortably above the expected total of 1.345 million. The latest reading was the second best of the current expansion, exceeded only by the 1.375 million tally in August of this year.

Both single-family and multi-family activity contributed to the gain in November. The multi-family sector was the stronger of the two, with a gain of 4.9 percent. In addition, all of the upward revision occurred in this sector (the October level was 7.7 percent firmer than previously believed). The results left activity in the upper portion of the range from the current expansion, although several observations in recent years (12) have been stronger (chart, left).

Single family starts rose 2.4 percent. This change occurred from a downward revised level, which left the new total only modestly above the preliminary estimate for October (October was 2.1 percent softer than previously believed). Nevertheless, the new level of single-family starts was the third best of the current expansion, trailing the peak in January of this year by 2.9 percent and the total in November 2017 by 1.4 percent (chart, right).

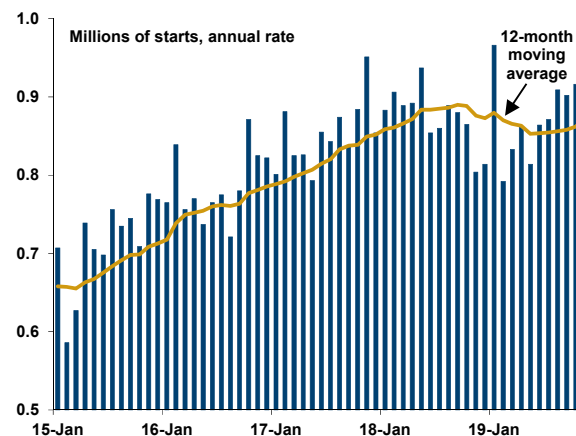
Building permits also were favorable in November, posting an increase of 1.4 percent. The pattern of this increase matched that in starts, as multi-family authorizations accounted for most of the gain (2.5 percent versus 0.8 percent for single-family). The new level of multi-family permits was the third best of the current expansion, exceeded only by two months in 2015. The level of single-family permits was the best of the current expansion.

Multi-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

Single-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

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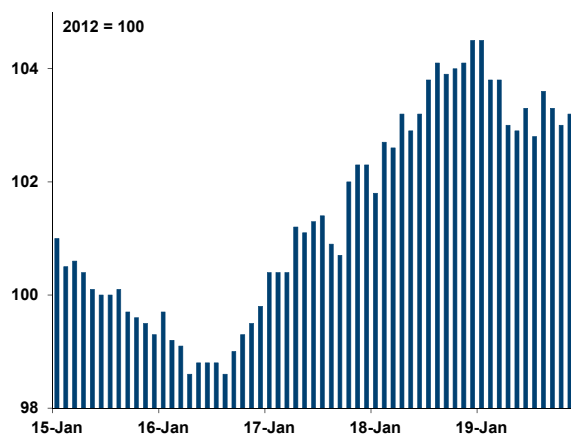
Industrial Production

The industrial production index rose 1.1 percent in November, slightly better than the expected increase of 0.9 percent. Most of the advance occurred in the manufacturing component, reflecting the return of striking workers at General Motors. Auto production rose 12.4 percent, offsetting most of the slide in the prior two months and returning activity to the upper portion of its recent range. Manufacturing activity excluding the auto sector rose 0.3 percent. The change occurred from a downward revised level, which left little net change from the preliminary estimate. Nevertheless, the results were encouraging in that they showed approximate stability after a noticeable drop in the early months of the year (chart, left). Given downside risks associated with trade disputes and hesitation in business investment, stability in manufacturing is mildly encouraging. The breadth of the gain in manufacturing in November also was encouraging, as 13 of 20 major industries posted increases.

Mining activity dipped 0.2 percent, marking the third consecutive retreat. However, declines occurred from a record level in August, and thus the new total was still firm by historical standards. In fact, monthly swings have left little net change in activity so far this year (chart, right).

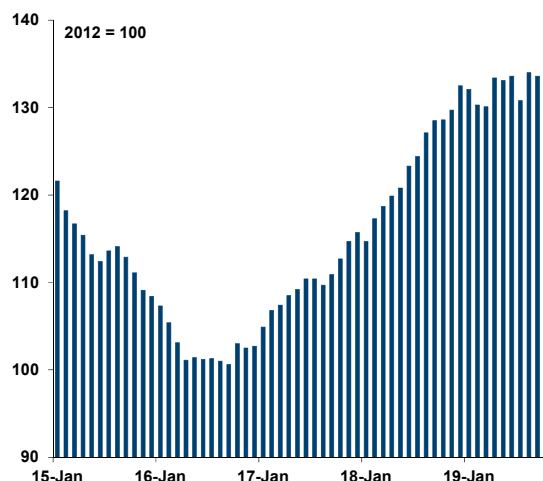
Utility output rose 2.9 percent, essentially reversing a drop of 2.4 percent in the prior month. Swings in this component are nearly always driven by shifts in temperatures rather than economic fundamentals.

Industrial Production: Manufacturing Ex. Autos



Source: Federal Reserve Board via Haver Analytics

Industrial Production: Mining



Source: Federal Reserve Board via Haver Analytics