

U.S. Data Review

- Industrial production: auto constrained; moderate elsewhere

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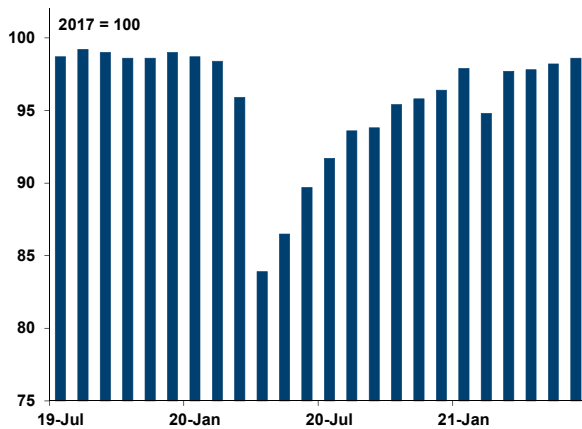
Industrial Production

The Federal Reserve's industrial production index rose 0.4 percent in June, a bit lighter than the expected advance of 0.6 percent. The surprise occurred in the manufacturing sector, where a dip of 0.1 percent was in contrast to an expected gain of 0.3 percent. The motor vehicle sector stood out on the soft side with a drop of 6.6 percent, constrained no doubt by shortages of semiconductors. Manufacturing activity excluding autos and parts rose 0.4 percent, a moderate showing. The increase ex-autos was not broadly based, as only 9 of the 19 non-auto industries posted gains. In addition, June marked the third consecutive month of moderate advances (average increase of 0.3 percent) after noticeably firmer results in several prior months. The slower pace has left the level of the non-auto manufacturing index slightly shy of the pre-pandemic high (chart, left).

The mining sector registered a gain of 1.4 percent, marking the seventh increase in the past eight months. The only decline occurred in February, when adverse weather forced the closure of much of the oil and gas extraction sector. Mining fell into a deep hole because of both the pandemic and low oil prices, and it remains well shy of pre-pandemic levels, but progress has been steady recently (chart, right).

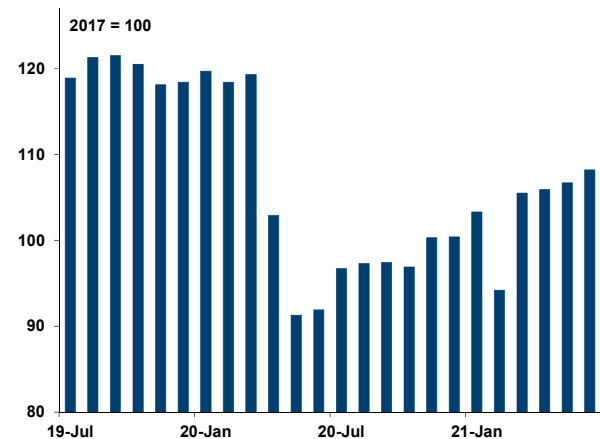
Much of the increase in production in June was the result of a gain of 2.7 percent in utility production, but shifts in this sector are nearly always influenced by temperature and weather rather than economic fundamentals. Temperatures in June were warmer than normal, and thus demand for cooling services increased.

IP: Manufacturing ex. Motor Vehicles & Parts



Source: Federal Reserve Board via Haver Analytics

IP: Mining



Source: Federal Reserve Board via Haver Analytics

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