

U.S. Data Review

- Industrial production: special factors played a role in September softness

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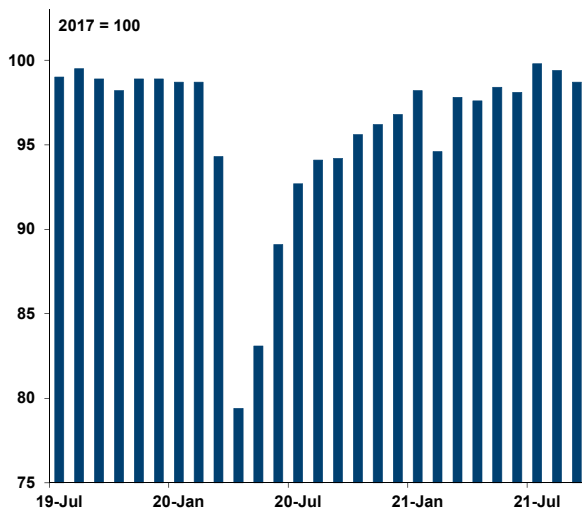
Industrial Production

The industrial production index fell 1.3 percent in September, notably weaker than the expected increase of 0.2 percent. In addition, results in the prior four months were revised lower, with the cumulative adjustments leaving the level of production in August 0.3 percent lighter than previously believed.

While the report was weak, two special factors played key roles. The Federal Reserve reported that lingering effects of Hurricane Ida more than accounted for the decline of 2.3 percent in mining activity and contributed 0.3 percentage point to the 1.3 percent drop in the manufacturing component. All told, the hurricane subtracted 0.6 percentage point from the headline figure. Utility output also played a role, declining 3.6 percent and contributing 0.4 percentage point to the overall decline. The change in utility output, though, reflected a swing in temperatures rather than a change in economic fundamentals (demand for cooling services fell after a hotter-than-normal August).

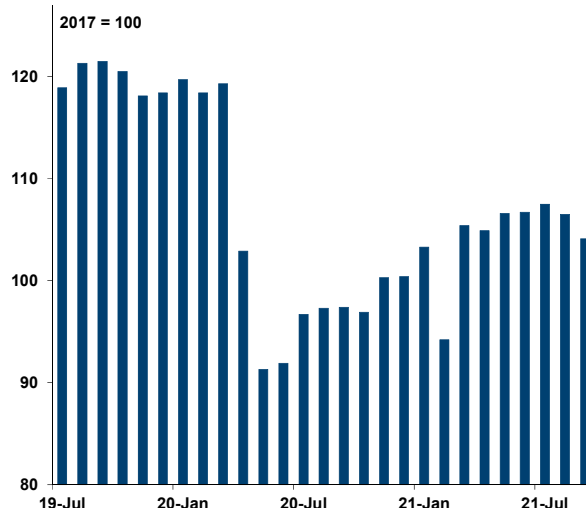
The manufacturing component was heavily influenced by a decline of 7.2 percent in motor vehicle production, which was driven primarily by the shortage of semiconductors rather than weak demand. Manufacturing activity excluding motor vehicles fell 0.3 percent, but recall that the hurricane had lingering effects in some manufacturing sectors (declines of 2.4 percent in petroleum and coal processing and 2.1 percent in chemical production stood out as candidates for hurricane effects). Absent these influences, manufacturing output probably would have posted a small gain. A positive spin also might be warranted by the fact that 11 of the 17 industries outside of motor vehicles, petroleum & coal, and chemicals posted gains.

Industrial Production: Manufacturing



Source: Federal Reserve Board via Haver Analytics

Industrial Production: Mining



Source: Federal Reserve Board via Haver Analytics

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