

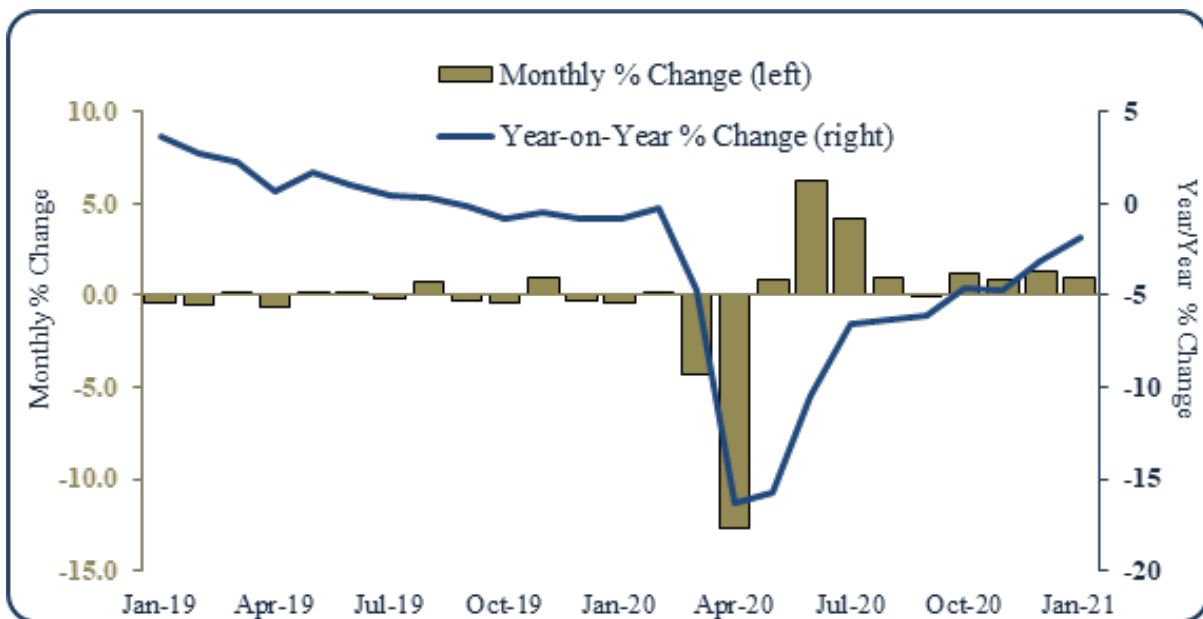
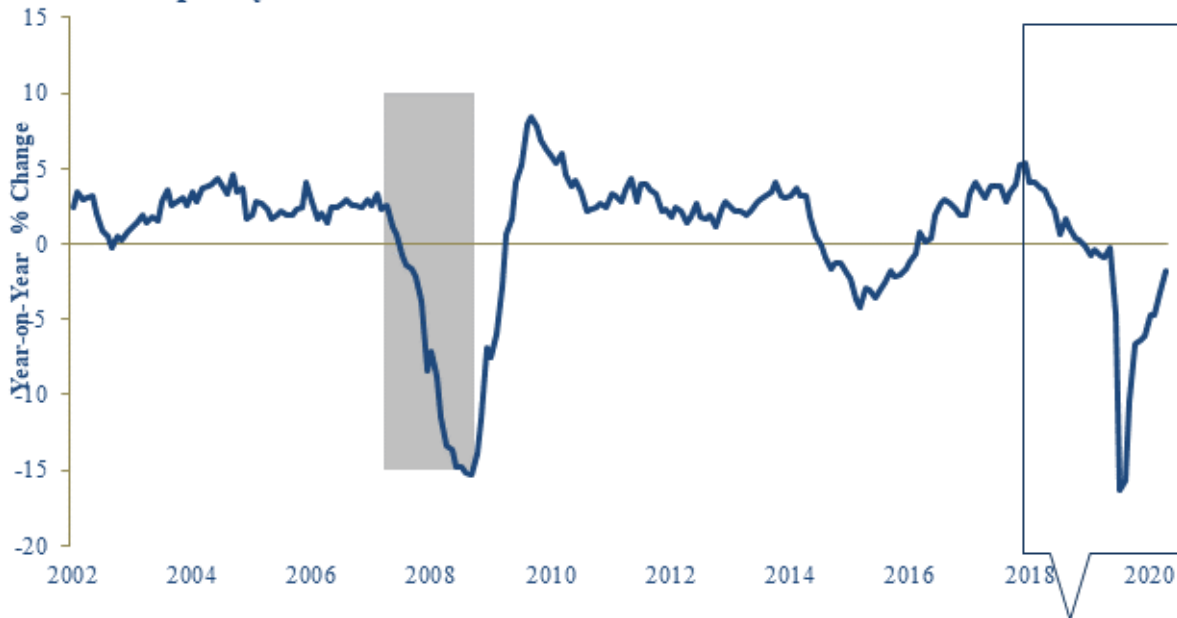
17.Feb.2021

## Industrial Production: Flying again

**Bottom Line:** Industrial production in January was higher than expected, even after adjusting for downward revisions to the strong gains previously reported for December. The auto sector saw another month of slight contraction after several strong quarters of growth. The moribund aerospace sector, though, continued its recovery in January. Weakened first by Boeing's 737 Max shutdowns over safety concerns, the industry obviously suffered immensely from the pandemic. Now, though, manufacturing activity is starting to increase again in aerospace with pent-up demand and the prospect of increased travel with continued vaccine distribution in developed countries. High-tech industries are also aiding increased industrial production. Expect supply-chain disruptions, especially the recent shortage of semiconductors, to create volatility, possibly slowing February's activity sharply. But beyond that volatility, expect manufacturing to remain an important driver of the continued economic recovery.

## Industrial Production

	Cons.	Actual	Prior
<b>Industrial Production</b>	<b>0.4%</b>	<b>0.9%</b>	<b>1.3%</b>
<b>Capacity Utilization</b>	<b>74.8%</b>	<b>75.6%</b>	<b>74.9%</b>



**Industrial Production** ROSE by 0.93% in January, compared with market expectations for an increase of 0.4%. However, the prior month was revised from 1.6% down to 1.3%. Output is now 1.8% BELOW its year-ago level.

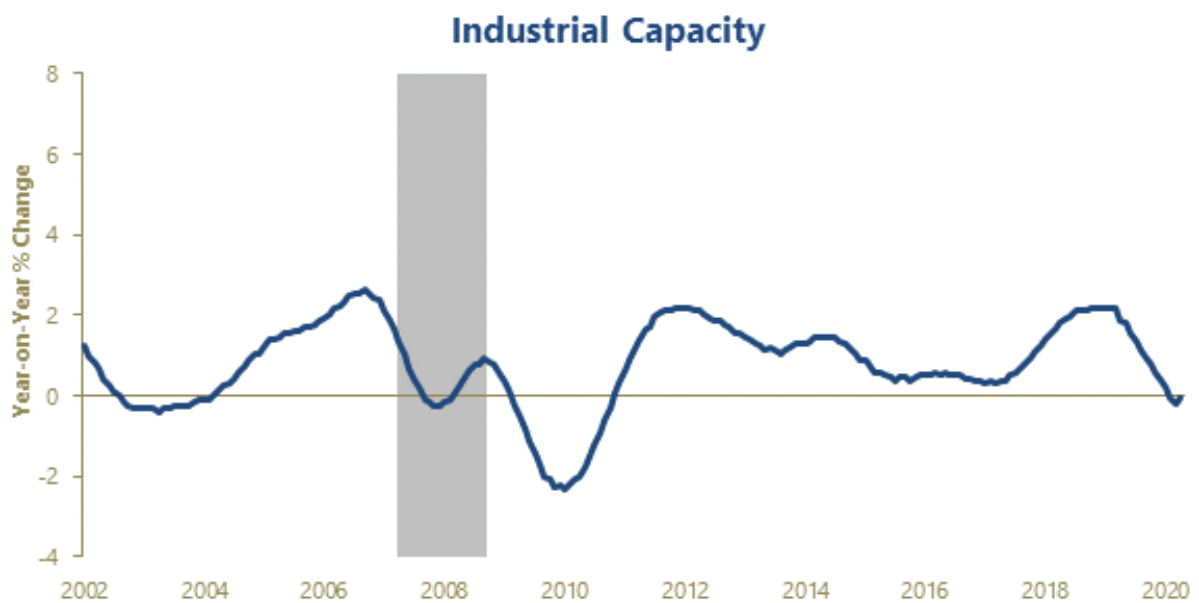
**Mining Output** ROSE by 2.3%, and is now 11.5% BELOW its year-ago level.

**Utility Generation** FELL by 1.2% and is now 6.6% ABOVE its year-ago level.

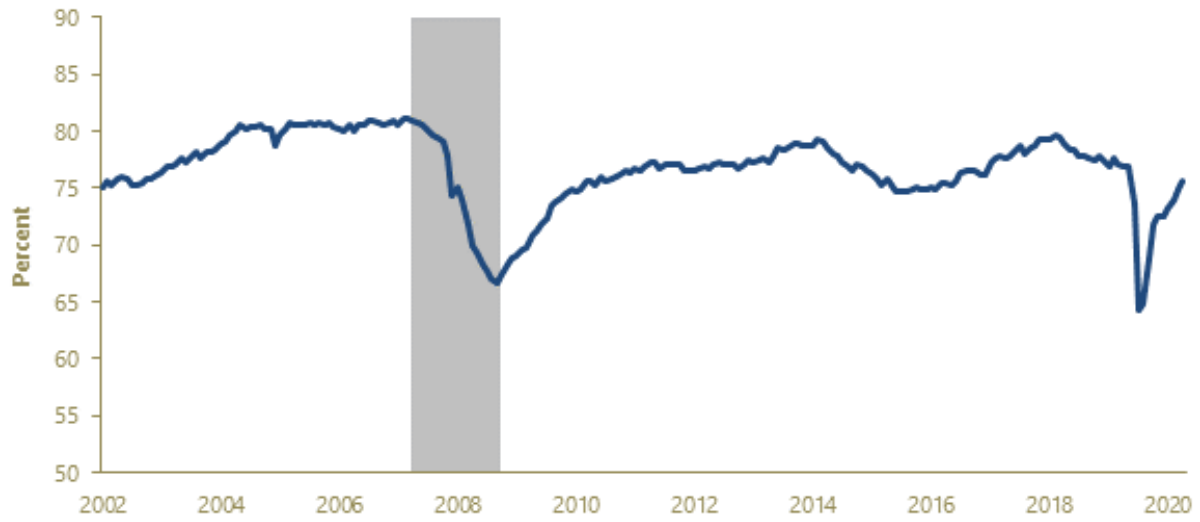
**Manufacturing Output** ROSE by 1.1% but is now 1.0% BELOW its year-ago level.

Output in high-tech industries rose by 1.5%. **Output in the motor vehicle industry** fell by 0.7%. Excluding both the high-tech and motor vehicle industries, industrial output climbed by 1.1%.

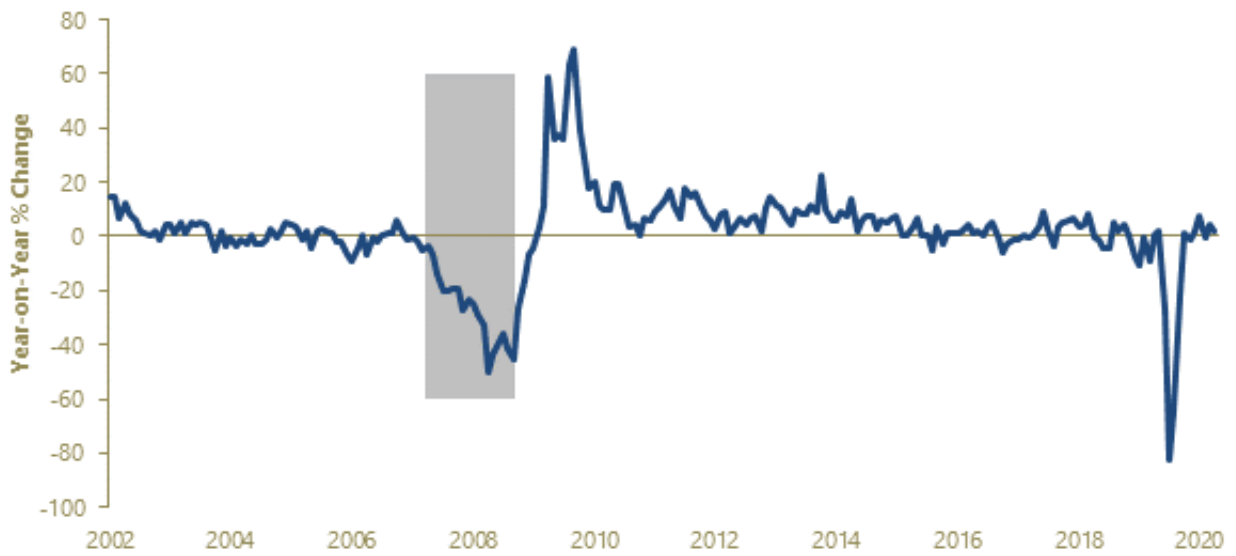
**Capacity Utilization** ROSE by 0.7 points to 75.6%, compared with market expectations for a smaller increase to 74.8%. Moreover, the prior month was revised from 73.3% to 74.9%. The capacity utilization rate is now 1.3 percentage points below its year-ago level and 4.4 percentage points below its long-run (1972–2015) average.



### Capacity Utilization



### Motor Vehicles & Parts



### Excluding High-Tech & Motor Vehicles



## High-Technology Industries



	Percent Change										
	Monthly % Changes				Annual Rates of % Change						
	Jan-21	Dec-20	Nov-20	Oct-20	Three Month	Six Month	Twelve Month	2019	2018	Five Year	Ten Year
<b>Industrial Production</b>	<b>0.93</b>	<b>1.3</b>	<b>0.9</b>	<b>1.1</b>	<b>13.0</b>	<b>10.6</b>	<b>-1.8</b>	<b>2.8</b>	<b>3.5</b>	<b>1.2</b>	<b>1.6</b>
previous estimate		1.6	0.5	1.0							
Mining	<b>2.3</b>	0.7	3.5	-1.8	29.1	9.1	-11.5	15.6	12.7	4.2	4.4
Utilities	<b>-1.2</b>	4.8	-3.1	2.0	1.5	-3.0	6.6	-3.2	2.1	-0.6	0.2
Manufacturing	<b>1.1</b>	0.9	1.0	1.5	12.4	13.1	-1.0	1.3	2.3	0.7	1.2
High-Tech Industries	<b>1.5</b>	-0.4	0.3	2.2	5.6	12.0	6.8	13.0	3.1	6.8	9.5
Ex-high tech	<b>1.0</b>	0.8	1.1	1.5	12.1	13.3	-0.9	1.1	2.3	0.6	0.8
Motor Vehicles & Parts	<b>-0.7</b>	-0.2	4.1	-0.5	13.1	-7.6	1.7	-1.0	-0.2	2.0	6.1
Ex-motor vehicles	<b>1.1</b>	1.0	0.7	1.7	11.8	14.8	-1.3	1.4	2.5	0.6	0.8
Ex-high tech & motor vehic	<b>1.1</b>	1.0	0.8	1.7	12.4	15.1	-1.5	1.1	2.4	0.4	0.4
Aerospace & misc	<b>2.2</b>	2.3	2.1	3.1	29.6	43.0	3.5	4.7	-1.5	0.1	1.1
<b>Addendum:</b>											
Business Equipment	<b>0.4</b>	0.6	2.1	1.0	13.2	13.2	-3.8	2.6	3.8	0.5	1.4
Construction Supplies	<b>0.7</b>	1.1	0.5	2.3	9.8	16.4	-3.3	2.8	4.5	2.5	1.6
<b>Capacity Utilization Rate</b>	<b>75.6</b>	<b>74.9</b>	<b>73.9</b>	<b>73.3</b>	<b>74.8</b>	<b>73.8</b>	<b>71.9</b>	<b>77.1</b>	<b>77.9</b>	<b>77.1</b>	<b>76.2</b>
		73.3	73.0	72.3							

Source: Federal Reserve Board via Bloomberg. Our calculations.

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