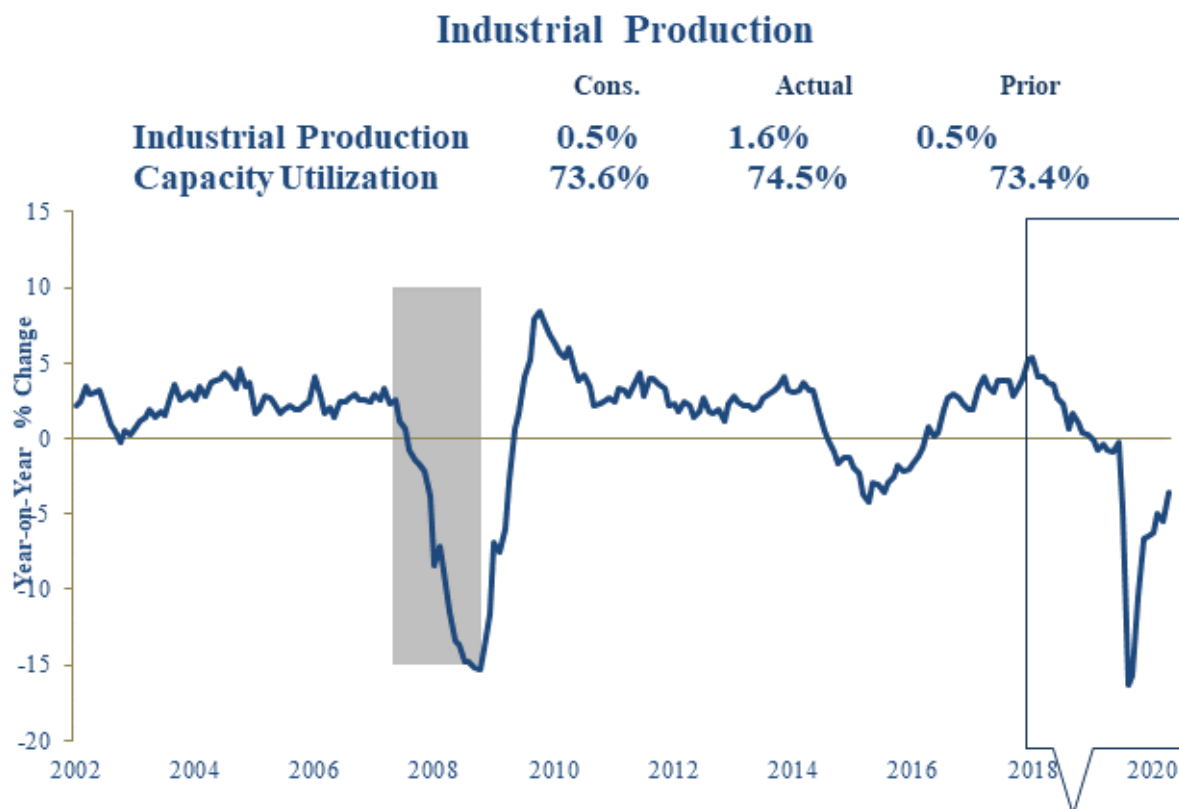
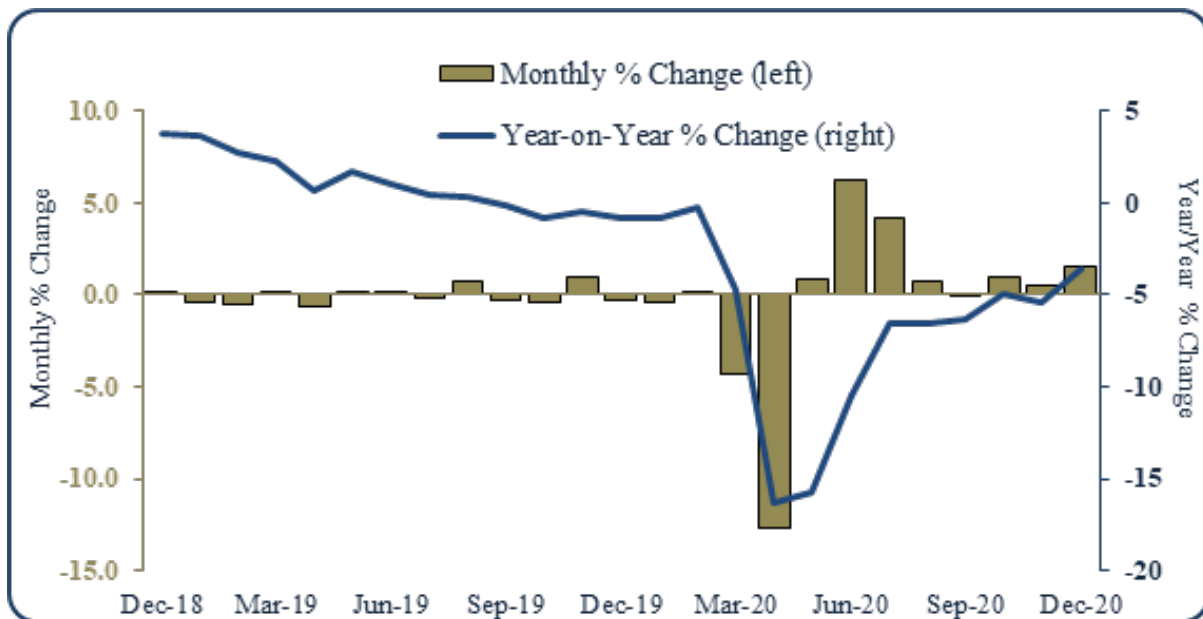


15.Jan.2021

Industrial Production: Strong Gains Even As Autos Fell

Bottom Line: Industrial production in December was sharply higher than expected with gains of 0.9 percent for manufacturing, 1.6 percent for mining, and 6.2 percent for utilities. Sharply higher utility production was mostly due to a cold snap in parts of the country after unseasonably warm weather in November. Still, looking past the volatile utility and mining sectors, manufacturing saw solid gains even as auto production, a huge driver of gains in the previous six months, fell. The aerospace sector has continued to recover and was strong in December. Overall, the December report was solid and suggested manufacturing was an important driver of growth two quarters into the recovery.

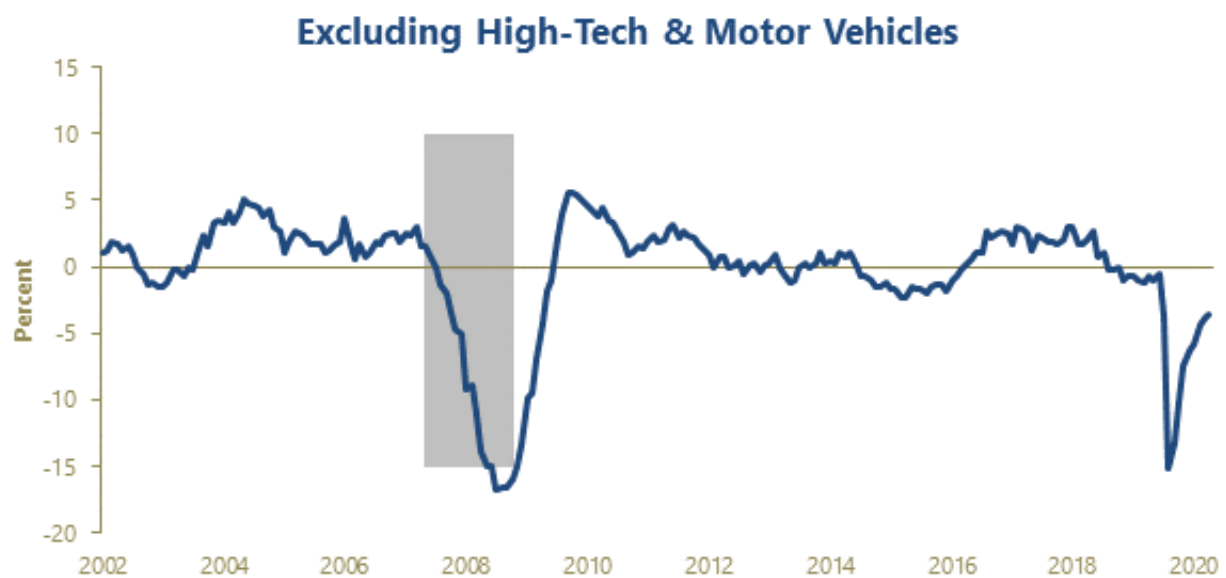
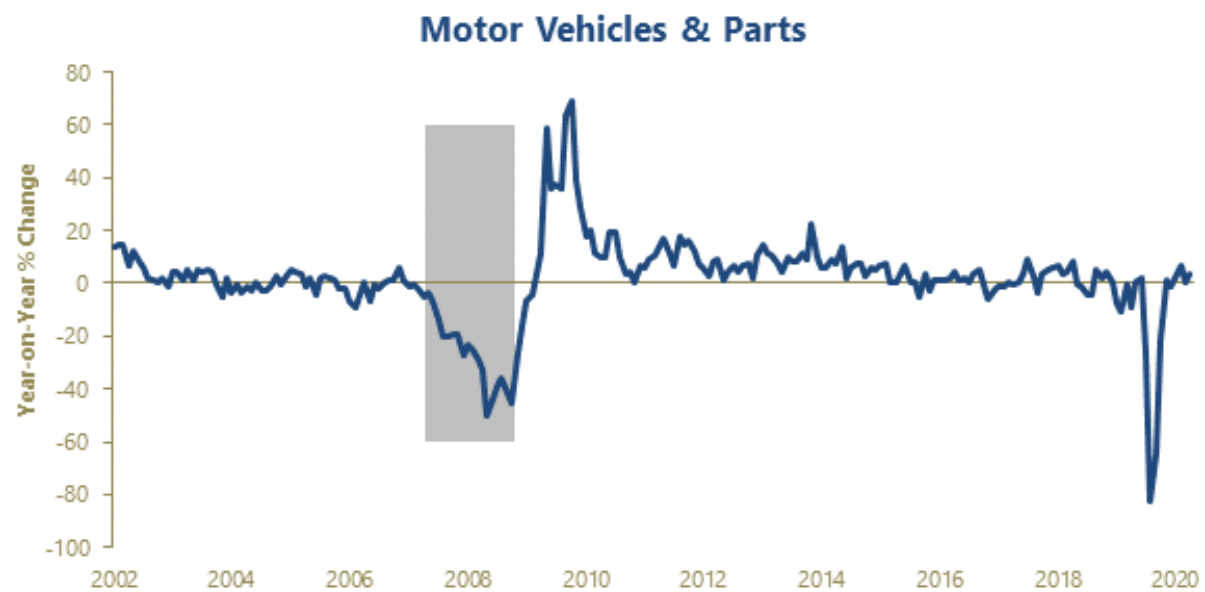
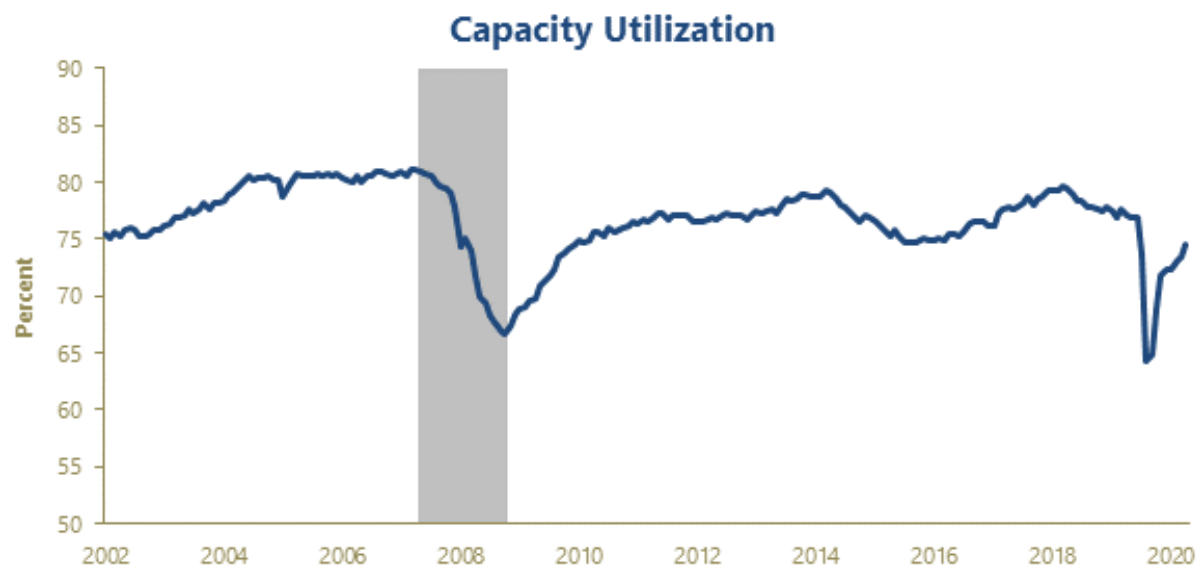




Industrial Production ROSE by 1.57% in December, compared with market expectations for an increase of 0.5%. Moreover, the prior month was revised from 0.4% up to 0.5%. Output is now 3.6% BELOW its year-ago level.

In December, **Mining Output** ROSE by 1.6%, and is now 12.3% BELOW its year-ago level. **Utility Generation** ROSE by 6.3% and is now 2.8% ABOVE its year-ago level. **Manufacturing Output** ROSE by 0.9% but is now 2.8% BELOW its year-ago level. Output in high-tech industries rose by 0.8%. Meanwhile, output in the motor vehicle industry fell by 1.5%. Excluding both the high-tech and motor vehicles industries, industrial output climbed by 1.1%.

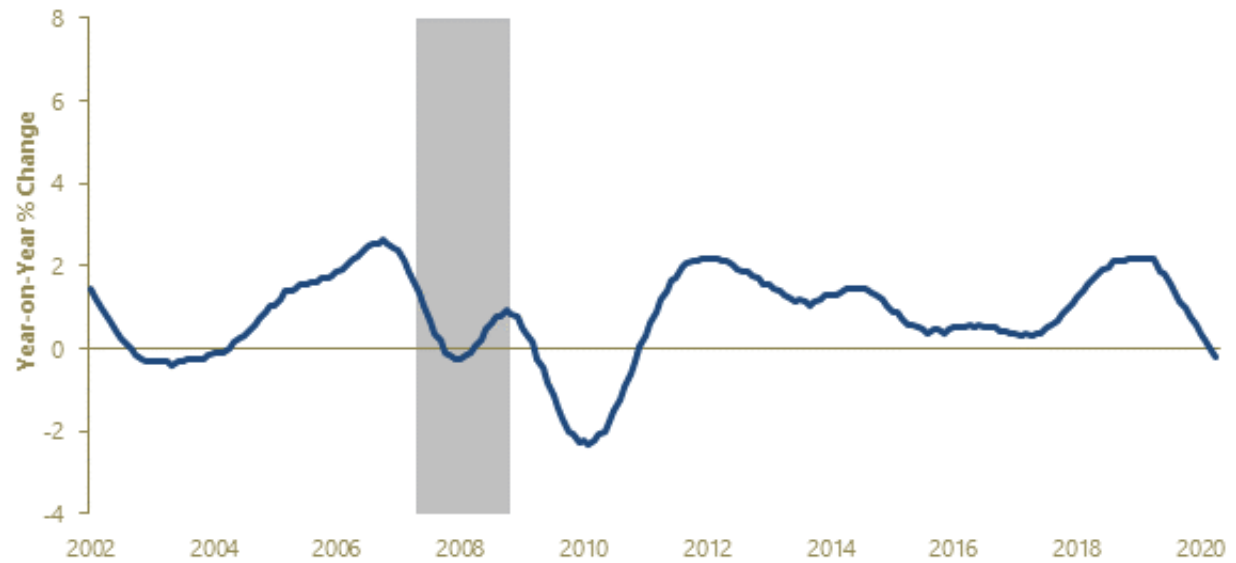
Capacity Utilization ROSE by 1.2 points to 74.5%, compared with market expectations for a smaller increase to 73.6%. Moreover, the prior month was revised from 73.3% to 73.4%. The capacity utilization rate is now 2.6 percentage points below its year-ago level and 5.5 percentage points below its long-run (1972–2015) average.



High-Technology Industries



Industrial Capacity



	Percent Change										
	Monthly % Changes				Annual Rates of % Change						
	Dec-20	Nov-20	Oct-20	Sep-20	Three Month	Six Month	Twelve Month	2019	2018	Five Year	Ten Year
Industrial Production	1.57	0.5	1.0	-0.1	12.8	16.9	-3.6	2.8	3.5	1.2	1.6
previous estimate		0.4	0.9	-0.1							
Mining	1.6	2.8	-1.7	0.9	11.3	12.5	-12.3	15.6	12.7	4.2	4.4
Utilities	6.3	-4.5	2.0	-2.2	15.2	9.7	2.8	-3.2	2.1	-0.6	0.2
Manufacturing	0.9	0.8	1.3	0.1	12.7	18.7	-2.8	1.3	2.3	0.7	1.2
High-Tech Industries	0.8	0.3	1.8	1.2	12.3	14.1	5.1	13.0	3.1	6.8	9.5
Ex-high tech	0.8	0.9	1.3	0.1	12.8	19.2	-2.5	1.1	2.3	0.6	0.8
Motor Vehicles & Parts	-1.5	5.0	-0.8	-2.9	10.6	57.8	3.7	-1.0	-0.2	2.0	6.1
Ex-motor vehicles	1.1	0.5	1.4	0.4	12.9	16.3	-3.2	1.4	2.5	0.6	0.8
Ex-high tech & motor vehic	1.1	0.4	1.5	0.3	12.7	16.4	-3.5	1.1	2.4	0.4	0.4
Aerospace & misc	2.5	1.9	3.0	2.6	33.6	59.7	-8.3	4.7	-1.5	0.1	1.1
Addendum:											
Business Equipment	0.5	2.1	1.1	-0.5	15.9	27.9	-7.1	2.6	3.8	0.5	1.4
Construction Supplies	1.9	0.6	2.4	0.7	21.5	18.5	-1.5	2.8	4.5	2.5	1.6
Capacity Utilization Rate	74.5	73.4	73.0	72.3	73.7	72.9	71.9	77.1	77.9	77.1	76.2
		73.3	73.0	72.3							

Source: Federal Reserve Board via Bloomberg. Our calculations.

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January 15, 2021

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