

16.Feb.2022

Industrial Production: Rebound, Mostly Due to Weather

Bottom Line: Industrial production rebounded in January, primarily due to a spike in utility production on the back of colder weather in much of the country. Utility production jumped nearly 10%, but core manufacturing indicators rebounded only slightly. High-tech industries saw slight declines, as did the auto industry, as both struggled with supply chain disruptions. Aerospace companies saw more robust activity as that sector continued to recover slowly. Looking through the volatility due to weather and supply chain disruptions, industrial production in the key manufacturing sectors appears to be decelerating to a 2-3% annualized trend, notably slower than in late 2020 and early 2021 but still faster than before the pandemic.

Industrial Production Total IP

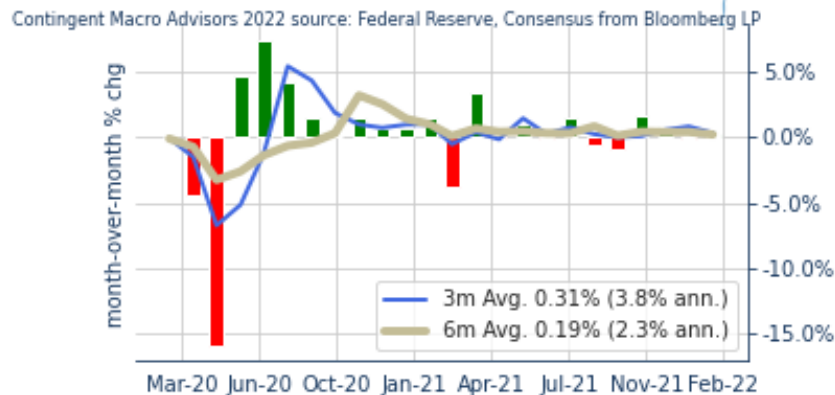
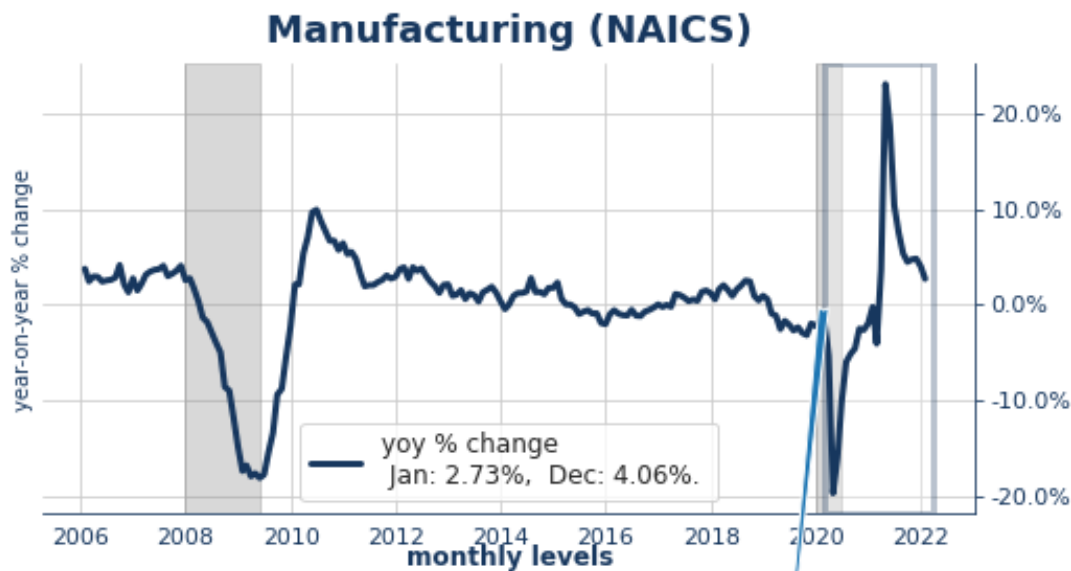


Industrial Production ROSE by 1.42% in January, compared with market expectations for an increase of 0.5%. Moreover, the prior month was revised from -0.1% down to -0.1%. Output is now 4.1% ABOVE its year-ago level.

In January, **Mining Output** ROSE by 1.0%, and is now 8.2% ABOVE its year-ago level. **Utility Generation** ROSE by 9.9% and is now 9.3% ABOVE its year-ago level. **Manufacturing Output** ROSE by 0.2% and is now 2.5% ABOVE its year-ago level. Output in high-tech industries fell by 0.1%. Meanwhile, output in the motor vehicle industry fell by 0.9%. Excluding both the high-tech and motor vehicles industries, industrial output climbed by 0.3%.

Capacity Utilization ROSE by 1.0 points to 77.6%, compared with market expectations for a smaller decline to 76.8%. Moreover, the prior month was revised from 76.8% to 76.6%. The capacity utilization rate is now 2.6 percentage points

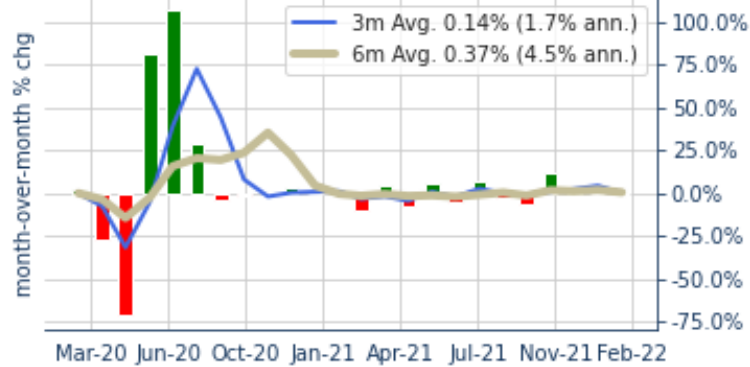
above its year-ago level and 2.4 percentage points below its long-run (1972–2015) average.



Motor vehicles and parts



Contingent Macro Advisors 2022 source: Federal Reserve, Consensus from Bloomberg LP



Computer and electronic products



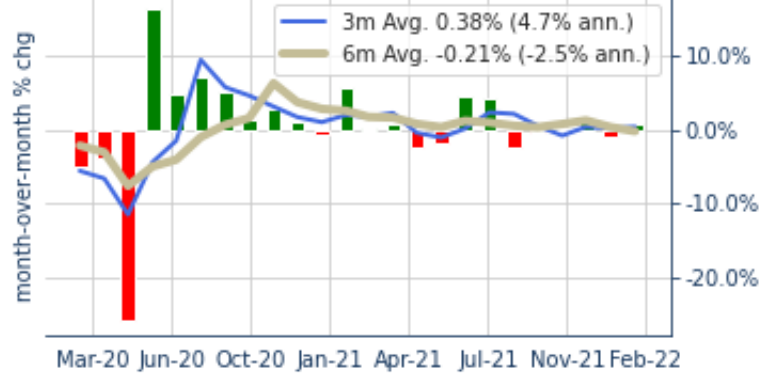
Contingent Macro Advisors 2022 source: Federal Reserve, Consensus from Bloomberg LP



Aerospace and miscellaneous transportation equipment



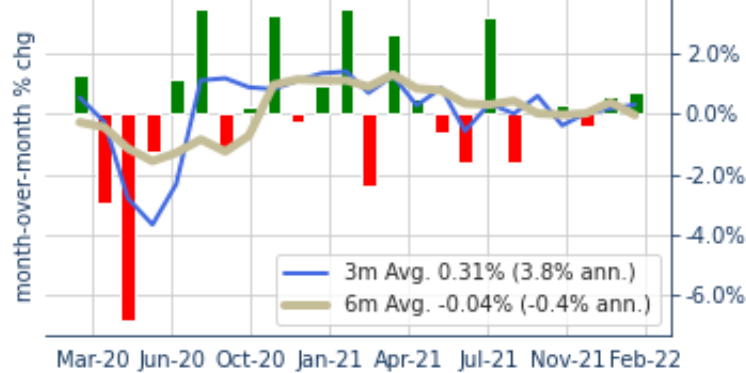
Contingent Macro Advisors 2022 source: Federal Reserve, Consensus from Bloomberg LP



Electrical equip., appliances, and component



Contingent Macro Advisors 2022 source: Federal Reserve, Consensus from Bloomberg LP



	Percent Change										
	Monthly % Changes				Annual Rates of % Change						
	Jan-22	Dec-21	Nov-21	Oct-21	Three Month	Six Month	Twelve Month	2020	2019	Five Year	Ten Year
Industrial Production	1.42	-0.1	0.9	1.4	9.1	4.6	4.1	-3.3	-2.2	-0.1	0.5
previous estimate		-0.1	0.7	1.2							
Mining	1.0	1.5	0.6	3.8	12.7	9.4	8.2	-15.2	-1.3	0.4	1.7
Utilities	9.9	-1.9	2.6	-3.4	49.9	14.0	9.3	1.3	-0.9	1.6	-0.2
Manufacturing	0.2	-0.1	0.7	1.7	3.1	2.3	2.5	-2.2	-2.4	-0.5	0.2
High-Tech Industries	-0.1	0.7	0.6	0.4	4.8	3.8	5.3	8.1	8.8	8.0	7.8
Ex-high tech	0.2	-0.1	0.8	1.6	3.7	2.7	2.0	-1.9	-2.9	-0.7	0.0
Motor Vehicles & Parts	-0.9	-0.3	1.7	11.3	1.7	2.8	-6.2	2.9	-10.7	0.6	4.0
Ex-motor vehicles	0.3	-0.1	0.6	1.1	3.2	2.2	3.3	-2.6	-1.6	-0.6	-0.1
Ex-high tech & motor vehic	0.3	-0.2	0.7	1.0	3.3	2.2	3.1	-2.9	-2.0	-0.9	-0.4
Aerospace & misc	0.8	-0.9	1.3	0.2	4.7	-2.6	4.3	-13.2	3.5	-2.1	0.4
Addendum:											
Business Equipment	0.1	-0.1	0.7	1.0	3.0	-0.2	2.0	-8.0	-3.4	-1.0	0.2
Construction Supplies	-1.3	0.4	2.1	1.4	4.4	8.4	2.4	0.1	-2.3	0.2	1.5
Capacity Utilization Rate	77.6	76.6	76.7	76.1	77.0	76.4	75.6	74.1	76.5	76.4	76.9
		76.8	76.5	75.3							

Source: Federal Reserve Board via Bloomberg. Our calculations.

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