

The U.S. Industrial Production Update

Economic Update | 17th November 2022

U.S. Industrial Production contracts in October

Event	Actual	Consensus	Previous
U.S. Industrial Production YoY	3.3%	5.1%	5.0%
U.S. Industrial Production MoM	-0.1%	0.2%	0.1%

Highlights:

- The U.S. industrial production retreated in October amid a drop in oil output and as manufacturing posted only a modest gain.
- Production increased 3.3% YoY in October of 2022, following a downwardly revised 5% YoY rise in September. It is the smallest annual increase since January. Manufacturing went up 2.4% YoY, utilities 2.5% YoY and mining 6.9% YoY.
- Production contracted by 0.1% on a monthly basis in October after a 0.1% increase in September and missing market expectations of a 0.2% gain.
- Manufacturing output went up 0.1% MoM, below expectations for a 0.2% MoM increase mostly supported by durable goods (0.5%).
- Within durables, increases of at least 1.5% were recorded by electrical equipment, appliances, and components; aerospace and miscellaneous transportation equipment; and motor vehicles and parts.
- At the same time, nondurable manufacturing fell 0.3% MoM as gains for printing and support, plastics and rubber products, and apparel and leather products were offset by losses in petroleum and coal products, textile and product mills, and paper.
- Utilities output tumbled by 1.5% MoM in October after plunging by 1.7% MoM in September. Mining output also fell by 0.4% MoM in October after climbing by 0.7% MoM in September.
- Petroleum production fell 1.9% MoM as a drop in oil and gas extraction outweighed improvements in oil and gas well drilling and in coal mining.
- Meanwhile, capacity utilization in the industrial sector slipped to 79.9% in October from a downwardly revised 80.1% in September. Market expected capacity utilization to inch up to 80.4% from the 80.3 % originally reported for the previous month.
- Capacity utilization in the manufacturing sector was unchanged at 79.5 percent, while capacity utilization in the mining and utilities sectors dipped to 88.4 percent and 72.1 percent, respectively.
- Weakening demand, higher interest rates and supply chain difficulties will continue to pose challenges for industrial activity in the months ahead

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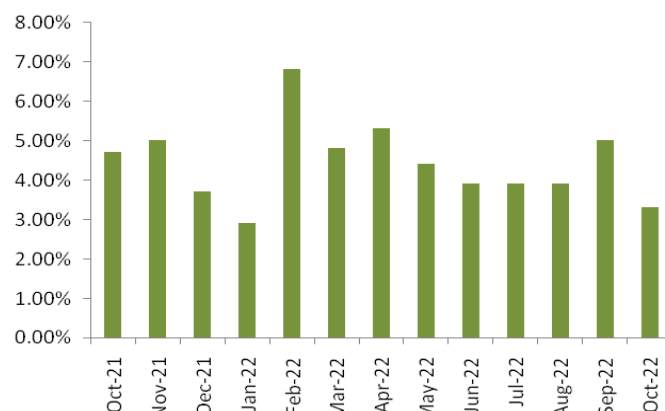
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Fig 1: U.S. Industrial Production MoM Actual Vs Consensus



Source: U.S. Bureau of Labor, SMIFS Research

Fig 2: U.S. Industrial Production YoY Trend



Source: U.S. Bureau of Labor, SMIFS Research

Fig 3: Capacity Utilization Trend



Source: U.S. Bureau of Labor, SMIFS Research

Tab 1: Capacity Utilization Trend

	Percent of capacity			YOY
	Oct-22	Sep-22	Aug-22	
Total Industry	79.9	80.1	80.0	1.6
Manufacturing	79.5	79.5	79.3	0.9
Mining	88.4	88.9	88.5	3.6
Utilities	72.1	73.3	74.7	2.6
Crude	86.7	87.2	87.0	2.6
Primary and semifinished	78.3	78.2	77.7	1.0
Finished	79.5	79.2	79.0	1.6

Source: U.S. Bureau of Labor, SMIFS Research

Tab 2: Industrial Production Table

		MOM			YOY
		Oct-22	Sep-22	Aug-22	Oct-22
Major market groups	Final Products	0.40	0.20	0.40	4.50
	Consumer goods	0.10	-0.10	0.00	2.60
	Business equipment	0.80	0.80	1.00	7.70
	Nonindustrial supplies	-0.20	-0.10	-0.30	1.30
	Construction	-0.70	0.60	-0.30	0.80
	Materials	-0.40	0.20	-0.40	3.00
Major Industry groups	Manufacturing	0.10	0.20	0.10	2.40
	Mining	-0.40	0.70	-0.20	6.90
	Utilities	-1.50	-1.70	-1.30	2.50

Source: U.S. Bureau of Labor, SMIFS Research

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