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November Industrial Production / Capacity Utilization

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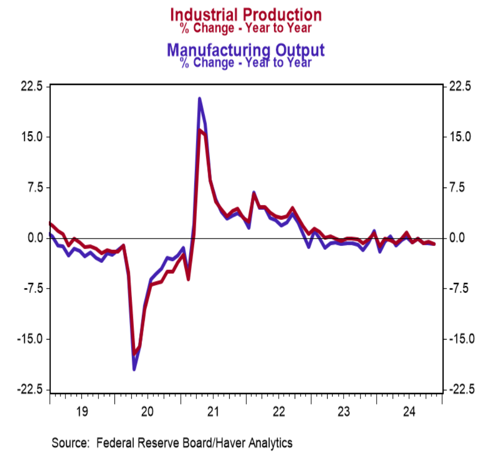
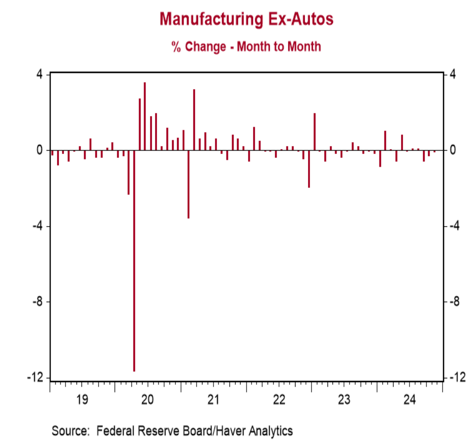
- Industrial production declined 0.1% in November (-0.3% including revisions to prior months), lagging the consensus expected gain of 0.3%. Utilities output fell 1.4% in November, while mining dropped 0.9%.
- Manufacturing, which excludes mining/utilities, increased 0.2% in November (-0.1% including revisions to prior months). Auto production rose 3.5%, while non-auto manufacturing declined 0.1%. Auto production is down 3.5% in the past year, while non-auto manufacturing has declined 0.8%.
- The production of high-tech equipment increased 0.4% in November and is up 7.4% versus a year ago.
- Overall capacity utilization declined to 76.8% in November from 77.0% in October. Manufacturing capacity utilization rose to 76.0% in November from 75.9%.





Implications: Industrial production fell for a third consecutive month in November, coming in weaker than expected. It was widely anticipated that the resolution of the Boeing strike and the end of the lingering effects of recent hurricanes would be enough to spark a rebound. That said, the details in today's report painted a mixed assessment on the manufacturing sector. Overall, manufacturing output rose 0.2%. However, production in the volatile auto sector was entirely responsible, with activity jumping 3.5%. Meanwhile non-auto manufacturing (which we think of as a "core" version of industrial production) posted a modest decline of 0.1% in November. Notably, manufacturing activity in aerospace (the sector directly affected by the end of the strikes) continued to fall in November, posting a decline of 2.6%. The only bright spot in this "core" measure came from production in high-tech equipment which rose 0.4% in November, likely the result of investment in AI as well as the reshoring of semiconductor production. High-tech manufacturing is up 7.4% in the past year, the fastest for any major category. The mining sector was also weak in November, falling 0.9%. Declines in oil and gas extraction, the drilling of new wells, and the extraction of other minerals and metals all contributed. Look for gains in that sector in 2025 as the incoming Trump Administration takes a more aggressive stance with permitting. Finally, the utilities sector (which is volatile and largely dependent on weather) also posted a decline in November, falling 1.4%. In other recent manufacturing news, the Empire State Index, which measures manufacturing sentiment in the New York region, dropped to +0.2 in December from +31.2 in November.

Industrial Production Capacity Utilization *All Data Seasonally Adjusted*	**Nov-24**	**Oct-24**	**Sep-24**	**3-mo % Ch** *annualized*	**6-mo % Ch.** *annualized*	**Yr to Yr** *% Change*
Industrial Production	**-0.1%**	-0.4%	-0.5%	-4.2%	-1.9%	-0.9%
Manufacturing	**0.2%**	-0.7%	-0.5%	-4.0%	-2.2%	-0.9%
Motor Vehicles and Parts	**3.5%**	-5.4%	-0.3%	-9.1%	-7.5%	-3.5%
Ex Motor Vehicles and Parts	**-0.1%**	-0.3%	-0.6%	-4.0%	-1.8%	-0.8%
Mining	**-0.9%**	-0.1%	-0.7%	-6.5%	-0.2%	-1.3%
Utilities	**-1.4%**	1.4%	-0.7%	-2.6%	-2.6%	0.0%
Business Equipment	**1.3%**	-3.2%	-3.5%	-20.0%	-11.1%	-6.3%
Consumer Goods	**0.0%**	-0.1%	-0.6%	-2.7%	-0.6%	-0.6%
High-Tech Equipment	**0.4%**	0.7%	0.1%	4.7%	4.7%	7.4%
Total Ex. High-Tech Equipment	**-0.1%**	-0.5%	-0.5%	-4.2%	-2.0%	-1.0%
				3-mo Average	6-mo Average	12-mo Average
Cap Utilization (Total)	**76.8**	77.0	77.4	77.1	77.5	77.7
Manufacturing	**76.0**	75.9	76.6	76.2	76.6	76.9

Source: Federal Reserve Board