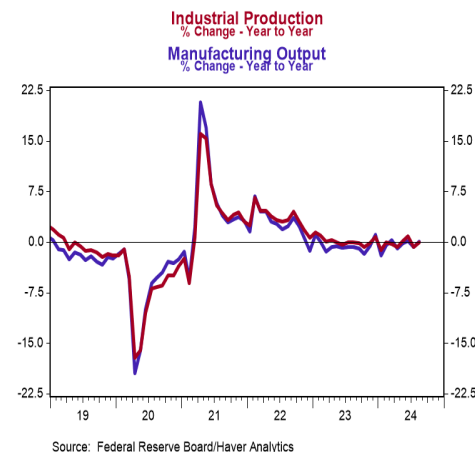


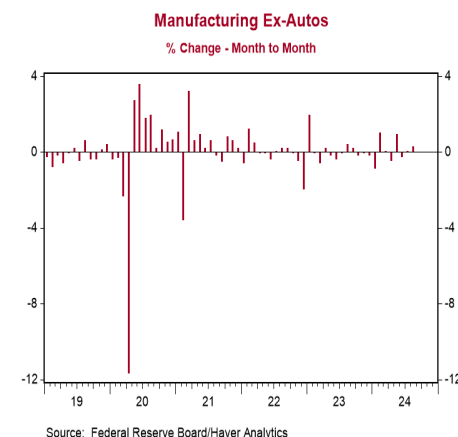
## August Industrial Production / Capacity Utilization

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- Industrial production increased 0.8% in August (+0.2% including revisions to prior months), versus a consensus expected gain of 0.2%. Utilities output fell 0.1% in August, while mining rose 0.8%.
- Manufacturing, which excludes mining/utilities, increased 0.9% in August (+0.2% including revisions to prior months). Auto production jumped 9.8%, while non-auto manufacturing increased 0.3%. Auto production is up 0.3% in the past year, while non-auto manufacturing has increased 0.2%.
- The production of high-tech equipment increased 1.8% in August and is up 9.1% versus a year ago.
- Overall capacity utilization increased to 78.0% in August from 77.4% in July. Manufacturing capacity utilization rose to 77.2% in August from 76.6%.



**Implications:** Industrial production surprised to the upside in August, coming in higher than even the most optimistic forecast from any economics group. That said, data from previous months were revised down and when included brought August’s gain to a modest 0.2%. Meanwhile, the details in today’s report weren’t quite as strong as the headline either. Manufacturing was the biggest source of strength in August, rising 0.9%. However, the volatile auto sector was largely responsible, with activity jumping 9.8%. Notably that was the largest monthly gain since 2021 and follows an 8.9% decline last month. Non-auto manufacturing (which we think of as a “core” version of industrial production) posted a more modest gain of 0.3% in August. The production of high-tech equipment led the way in this “core” measure, rising 1.8% in August, likely the result of investment in AI as well as the reshoring of semiconductor production. High-tech manufacturing is up at a 12.9% annualized rate in the past six months and 9.1% in the past year, the fastest for any major category. The mining sector was also a source of strength in August, increasing 0.8%. Broad-based gains in the production of oil and gas, the drilling of new wells, and the extraction of other minerals all contributed. Finally, the utilities sector (which is volatile and largely dependent on weather) was the only category that posted a decline in August, falling 0.1%. In other news this morning on the housing front, the NAHB Housing Index, a measure of homebuilder sentiment, rose to 41 in September from 39 in August. The small gain was the first in six months as developers anticipate the beginning of Fed rate cuts during tomorrow’s FOMC meeting. A reading below 50 signals a greater number of builders view conditions as poor versus good.



Industrial Production Capacity Utilization <i>All Data Seasonally Adjusted</i>	Aug-24	Jul-24	Jun-24	3-mo % Ch annualized	6-mo % Ch. annualized	Yr to Yr % Change
<b>Industrial Production</b>	<b>0.8%</b>	-0.9%	0.1%	-0.4%	0.8%	0.0%
<b>Manufacturing</b>	<b>0.9%</b>	-0.7%	-0.2%	0.0%	0.6%	0.1%
<b>Motor Vehicles and Parts</b>	<b>9.8%</b>	-8.9%	0.2%	0.7%	-0.7%	0.3%
<b>Ex Motor Vehicles and Parts</b>	<b>0.3%</b>	0.0%	-0.3%	0.0%	0.8%	0.2%
<b>Mining</b>	<b>0.8%</b>	-0.4%	0.3%	2.7%	-0.3%	0.2%
<b>Utilities</b>	<b>-0.1%</b>	-2.9%	1.5%	-6.2%	3.3%	-0.8%
<b>Business Equipment</b>	<b>1.4%</b>	-1.1%	-0.3%	0.0%	-1.1%	-1.5%
<b>Consumer Goods</b>	<b>0.8%</b>	-1.2%	0.1%	-1.2%	0.0%	-0.3%
<b>High-Tech Equipment</b>	<b>1.8%</b>	0.9%	-1.3%	5.5%	12.9%	9.1%
<b>Total Ex. High-Tech Equipment</b>	<b>0.8%</b>	-1.0%	0.1%	-0.4%	0.6%	-0.1%
				3-mo Average	6-mo Average	12-mo Average
<b>Cap Utilization (Total)</b>	<b>78.0</b>	77.4	78.2	77.9	77.9	78.0
<b>Manufacturing</b>	<b>77.2</b>	76.6	77.2	77.0	77.2	77.3

Source: Federal Reserve Board