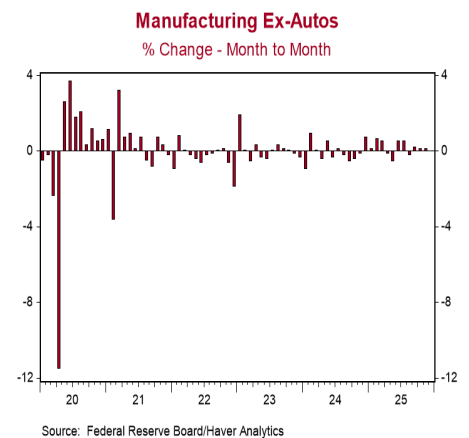
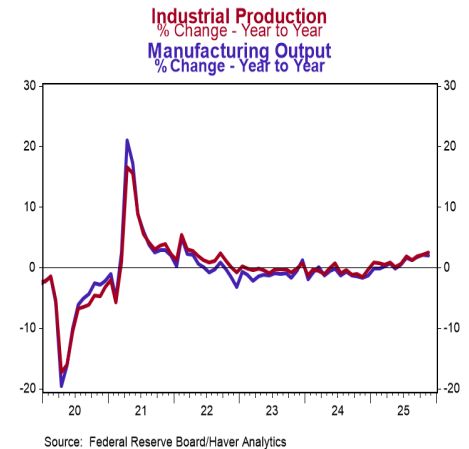


Oct/Nov Industrial Production / Capacity Utilization

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- Industrial production increased 0.2% in November (+0.4% including October and revisions to prior months), beating the consensus expected gain of 0.1%. Utilities output declined 0.5% in November, while mining jumped 1.7%.
- Manufacturing, which excludes mining/utilities, remained unchanged in November (-0.1% including October data and revisions to prior months). Auto production declined 1.0%, while non-auto manufacturing rose 0.1%. Auto production is down 5.7% in the past year, while non-auto manufacturing is up 2.7%.
- The production of high-tech equipment rose 1.1% in November and is up 11.8% versus a year ago.
- Overall capacity utilization increased to 76.0% in November from 75.9 in October. Manufacturing capacity utilization remained unchanged at 75.4% in November.



Implications: We got another double-dose of data this morning, this time showing industrial production increased 0.2% in November following a 0.1% decline in October. Overall, it looks like industrial production has been growing modestly recently but has generally been weighed down by weakness in the manufacturing sector where we haven't seen a gain in four months. Looking at the details, the volatile auto sector has been primarily responsible, with activity declining 1.0% in November following a 5.1% decline in October. However, manufacturing ex-autos (which we think of as a "core" version of industrial production) posted a gain of 0.1% in both November and October. In the past year, auto production (which is also highly sensitive to President Trump's tariff policy) is down 5.7% while "core" manufacturing is up 2.7%. Meanwhile the typical bright spots in the "core" measure were present in today's report as well. Production in high-tech equipment, which has been a reliable tailwind recently due to investment in AI as well as the reshoring of semiconductor production, posted gains of 1.1% in November and 1.8% in October. High-tech manufacturing is up 11.8% in the past year, the fastest pace of any major category. Meanwhile, the manufacturing of business equipment isn't far behind, up a strong 11.2% in the past year, signaling reindustrialization in the US outside of just the high-tech industries mentioned above. The mining sector was also a source of strength in November, jumping 1.7% following a decline of 0.8% in October. Notably, oil and gas production, the drilling of new wells, and the extraction of other metals and minerals are all up versus September. Look for a continued upward trend in activity in this sector as the Trump Administration takes a more aggressive stance with permitting. Finally, utilities output (which is volatile and largely dependent on weather), declined 0.5% in November after a 2.6% increase in October. In other manufacturing news this morning, the Richmond Fed Index, a measure of factory sentiment in that region, increased to a still weak -7.0 in December from -15.0 in November.

Industrial Production <i>All Data Seasonally Adjusted</i>	Nov-25	Oct-25	Sep-25	3-mo % Ch <i>annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr % Change
Industrial Production	0.2%	-0.1%	0.1%	0.8%	1.6%	2.5%
Manufacturing	0.0%	-0.4%	0.0%	-1.2%	1.0%	2.0%
Motor Vehicles and Parts	-1.0%	-5.1%	-2.3%	-28.9%	-16.3%	-5.7%
Ex Motor Vehicles and Parts	0.1%	0.1%	0.2%	1.7%	2.5%	2.7%
Mining	1.7%	-0.8%	-0.7%	1.0%	3.9%	4.0%
Utilities	-0.5%	2.6%	1.1%	13.8%	4.1%	4.8%
Business Equipment	0.3%	-0.3%	0.9%	3.5%	3.2%	11.2%
Consumer Goods	0.3%	-0.1%	-0.4%	-0.8%	0.4%	0.8%
High-Tech Equipment	1.1%	1.8%	-1.0%	7.9%	6.8%	11.8%
Total Ex. High-Tech Equipment	0.2%	-0.1%	0.1%	0.8%	1.6%	2.3%
Cap Utilization (Total)	76.0	75.9	76.0	3-mo Average	6-mo Average	12-mo Average
Manufacturing	75.4	75.4	75.8	76.0	76.1	76.0
				75.5	75.7	75.5

Source: Federal Reserve Board