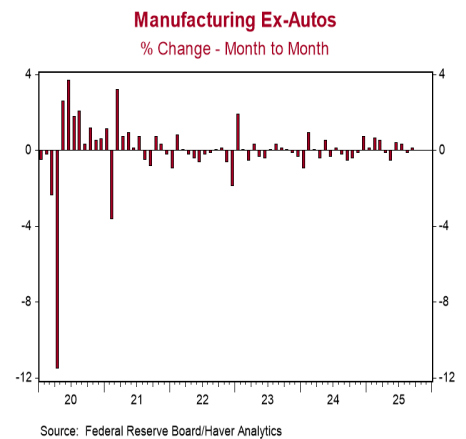


September Industrial Production / Capacity Utilization

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- Industrial production increased 0.1% in September (-2.4% including revisions to prior months), matching consensus expectations. Utilities output rose 1.1% in September, while mining remained unchanged.
- Manufacturing, which excludes mining/utilities, remained unchanged in September (-3.2% including revisions to prior months). Auto production declined 2.3%, while non-auto manufacturing rose 0.1%. Auto production is down 0.4% in the past year, while non-auto manufacturing is up 1.6%.
- The production of high-tech equipment rose 0.6% in September and is up 10.8% versus a year ago.
- Overall capacity utilization remained unchanged at 75.9% in September. Manufacturing capacity utilization declined to 75.5% in September from 75.6%.

Implications: We finally got a look at industrial production for September now that the shutdown at federal government data agencies has ended, and the details were ugly. While industrial production eked out a small gain of 0.1% and manufacturing was unchanged in September, when including big downward revisions to prior months the September numbers were -2.4% and -3.2% respectively. To put that in context, all growth in both series since the aftermath of the COVID pandemic in 2022 was essentially revised away. Turning our focus to September itself showed a more mixed picture. The volatile auto sector posted a decline of 2.3% in September. However, manufacturing ex-autos (which we think of as a “core” version of industrial production) posted a gain of 0.1%, leaving overall manufacturing unchanged. Meanwhile the typical bright spots in the “core” measure were present 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 a gain of 0.6%. High-tech manufacturing is up 10.8% in the past year, the fastest pace of any major category. The manufacturing of business equipment also rose 0.7% in September. This category is up a strong 9.1% in the past year, signaling reindustrialization in the US outside of just the high-tech industries mentioned above. Looking outside of manufacturing, utilities output (which is volatile and largely dependent on weather) was also a source of strength, with activity rising 1.1%. Finally, the mining sector was unchanged in September. A faster pace of oil and gas production as well as the drilling of new wells was offset by less extraction of other metals and minerals. Look for the recent upward trend in activity in this sector to continue as the Trump Administration takes a more aggressive stance with permitting. Lastly, on the trade front, import and export prices were both unchanged in September. In the past year, import prices are up 0.3% while export prices have risen 3.8%.



Industrial Production Capacity Utilization <i>All Data Seasonally Adjusted</i>	Sep-25	Aug-25	Jul-25	3-mo % Ch <i>annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr % Change
Industrial Production	0.1%	-0.3%	0.2%	0.0%	0.8%	1.6%
Manufacturing	0.0%	0.1%	0.2%	0.8%	0.4%	1.5%
Motor Vehicles and Parts	-2.3%	3.0%	-1.7%	-4.3%	2.7%	-0.4%
Ex Motor Vehicles and Parts	0.1%	-0.1%	0.3%	1.3%	0.2%	1.6%
Mining	0.0%	0.4%	-0.1%	1.3%	2.3%	2.9%
Utilities	1.1%	-3.0%	0.5%	-5.7%	1.3%	1.4%
Business Equipment	0.7%	-0.3%	1.0%	5.7%	5.7%	9.1%
Consumer Goods	-0.6%	-0.4%	0.2%	-3.2%	-1.8%	-1.0%
High-Tech Equipment	0.6%	-1.4%	3.4%	10.8%	6.9%	10.8%
Total Ex. High-Tech Equipment	0.1%	-0.3%	0.1%	-0.4%	0.6%	1.4%
Cap Utilization (Total)	75.9	75.9	76.2	3-mo Average	6-mo Average	12-mo Average
Manufacturing	75.5	75.6	75.6	76.0	76.0	75.9
				75.6	75.6	75.3

Source: Federal Reserve Board