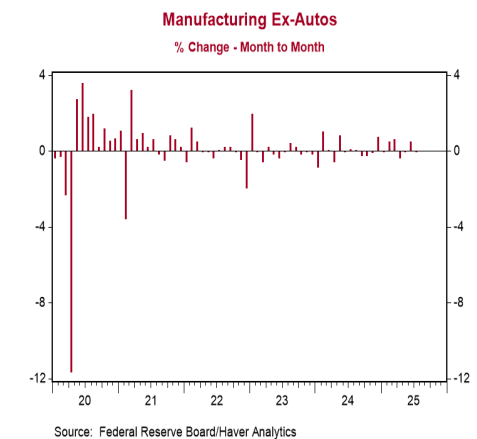
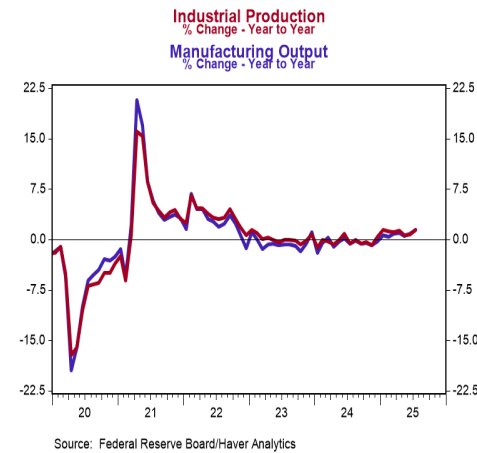


July Industrial Production / Capacity Utilization

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- Industrial production declined 0.1% in July (0.0% including revisions to prior months), versus a consensus expectation of no change. Utilities output fell 0.2% in July, while mining declined 0.4%.
- Manufacturing, which excludes mining/utilities, was unchanged in July (+0.1% including revisions to prior months). Auto production fell 0.4%, while non-auto manufacturing declined 0.1%. Auto production is up 8.2% in the past year, while non-auto manufacturing is up 0.9%.
- The production of high-tech equipment increased 1.4% in July and is up 14.0% versus a year ago.
- Overall capacity utilization declined to 77.5% in July from 77.7% in June. Manufacturing capacity utilization fell to 76.8% in July from 76.9%.

Implications: Industrial production took a breather in July, with activity falling for the first time in four months as producers continue to acclimate to shifts in US trade policy. Overall production declined by 0.1% in July with nearly every major category edging lower, though data from prior months were revised upward. Looking at the manufacturing sector, both auto production and non-auto production (which we think of as a “core” version of industrial production) posted declines of 0.4% and 0.1%, respectively. Looking deeper, there were a couple of bright spots in the “core” measure. Production in high-tech equipment rose 1.4% in July, likely the result of investment in AI as well as the reshoring of semiconductor production. High-tech manufacturing is up 14.0% in the past year, the fastest pace of any major category. The manufacturing of business equipment has also accelerated lately, rising 0.5% in July, and up at a 11.1% annualized rate in the past six months. Looking outside of manufacturing, the mining sector was also a source of weakness in July, with activity declining 0.4%. A slower pace of oil and gas production as well as the drilling of new wells more than offset an increase in metal and mineral extraction. Look for an upward trend in activity in this sector in 2025 as the Trump Administration takes a more aggressive stance with permitting. Lastly, utilities output (which is volatile and largely dependent on weather) posted a decline of 0.2% in July. In other manufacturing related news this morning, the Empire State Index – a measure of manufacturing sentiment in the New York region – rose unexpectedly to 11.9 in August from 5.5 in July.



Industrial Production Capacity Utilization <i>All Data Seasonally Adjusted</i>	Jul-25	Jun-25	May-25	3-mo % Ch annualized	6-mo % Ch. annualized	Yr to Yr % Change
Industrial Production	-0.1%	0.4%	0.1%	1.2%	2.1%	1.5%
Manufacturing	0.0%	0.3%	0.2%	1.6%	3.5%	1.4%
Motor Vehicles and Parts	-0.4%	-2.5%	4.6%	6.7%	22.9%	8.2%
Ex Motor Vehicles and Parts	-0.1%	0.5%	-0.1%	1.2%	2.0%	0.9%
Mining	-0.4%	-0.3%	0.4%	-1.3%	5.3%	1.9%
Utilities	-0.2%	1.8%	-1.1%	1.9%	-9.3%	0.7%
Business Equipment	0.5%	0.1%	0.8%	6.0%	11.1%	3.8%
Consumer Goods	0.1%	0.2%	-0.1%	0.8%	0.6%	0.5%
High-Tech Equipment	1.4%	0.9%	1.5%	16.3%	14.0%	14.0%
Total Ex. High-Tech Equipment	-0.2%	0.4%	0.0%	0.8%	2.0%	1.2%
Cap Utilization (Total) Manufacturing	77.5 76.8	77.7 76.9	77.5 76.7	3-mo Average	6-mo Average	12-mo Average
				77.6 76.8	77.7 76.8	77.5 76.6

Source: Federal Reserve Board