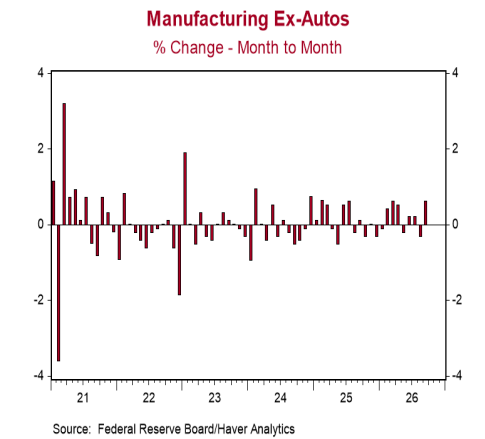
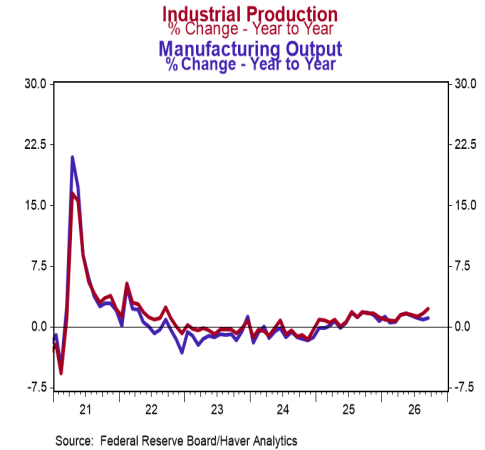


September Industrial Production / Capacity Utilization

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- Industrial production increased 0.7% in September (+0.9% including revisions to prior months), easily beating the consensus expected gain of 0.4%. Utilities output soared 3.5% and mining activity increased 0.2% in September.
- Manufacturing, which excludes mining/utilities, increased 0.3% in September. Auto production dropped 3.0%, while non-auto manufacturing rose 0.6%. Auto production is down 0.7% in the past year, while non-auto manufacturing is up 1.3%.
- The production of high-tech equipment increased 1.5% in September and is up 17.6% versus a year ago.
- Overall capacity utilization rose to 76.9% in September from 76.4% in August. Manufacturing capacity utilization increased to 75.9% in September from 75.8%.



Implications: Industrial production came in much higher than expected in September as broad-based gains were coupled with a surge in utility output to push up activity for a sixth consecutive month. Looking at the details, the volatile and tariff-exposed auto sector fell 3.0% in September. However, manufacturing excluding autos (which we think of as a “core” version of industrial production) rose 0.6%. As a result, overall manufacturing was still up a solid 0.3%. Notably, manufacturing ex-autos has been on a consistent upward trend since the start of 2025, a sharp reversal from the downward trend from 2018-2025. Production in high-tech equipment, which has been a consistent source of strength recently due to data center construction and the reshoring of semiconductor production, jumped 1.5% in September. Activity in this sector is up 17.6% in the past year, the fastest of any major category. The manufacturing of business equipment remained unchanged in September but is up 6.8% in the past year, easily outpacing the 1.1% gain in overall manufacturing and signaling a broader reindustrialization. Looking outside the manufacturing sector, mining activity eked out a gain of 0.2% in September. The increase was driven by gains in oil and gas extraction which more than offset declines in drilling activity and the extraction of other minerals. Finally, utilities output posted a gain of 3.5% in September. This series has been on an upward trend since 2023, following nearly twenty years of stagnation, as power hungry data centers have boosted demand for US power generation. On the inflation front, import prices rose 1.1% in September and export prices rose 2.2%. In the past year, import prices are up 8.1%, while export prices have risen 11.6%.

Industrial Production Capacity Utilization <i>All Data Seasonally Adjusted</i>	Sep-26	Aug-26	Jul-26	3-mo % Ch <i>annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr % Change
Industrial Production	0.7%	0.1%	0.2%	3.9%	4.6%	2.3%
Manufacturing	0.3%	-0.2%	0.1%	0.4%	2.1%	1.1%
Motor Vehicles and Parts	-3.0%	-0.4%	-0.7%	-15.1%	4.0%	-0.7%
Ex Motor Vehicles and Parts	0.6%	-0.3%	0.2%	2.1%	2.1%	1.3%
Mining	0.2%	0.5%	0.4%	4.0%	7.3%	2.8%
Utilities	3.5%	1.4%	1.1%	27.0%	15.6%	8.8%
Business Equipment	0.0%	-0.2%	1.1%	3.6%	9.5%	6.8%
Consumer Goods	0.6%	0.0%	-0.1%	2.1%	2.3%	-0.1%
High-Tech Equipment	1.5%	1.1%	1.7%	18.5%	22.8%	17.6%
Total Ex. High-Tech Equipment	0.6%	0.1%	0.2%	3.6%	4.0%	1.9%
				3-mo Average	6-mo Average	12-mo Average
Cap Utilization (Total)	76.9	76.4	76.4	76.6	76.4	76.0
Manufacturing	75.9	75.8	76.0	75.9	75.9	75.5

Source: Federal Reserve Board