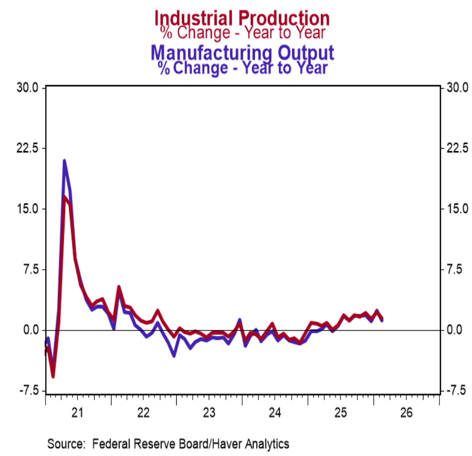
First Trust DATAWATCH

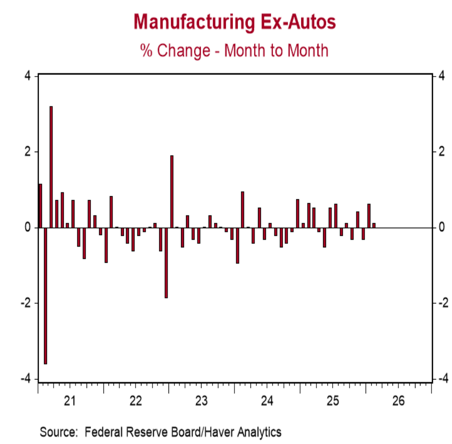
March 16, 2026 • 630.517.7756 • www.ftportfolios.com

February Industrial Production / Capacity Utilization

Bryce Gill – Economist
Brian S. Wesbury – Chief Economist
Robert Stein, CFA – Dep. Chief Economist

- Industrial production increased 0.2% in February (+0.3% including revisions to prior months), versus a consensus expected gain of 0.1%. Utilities output declined 0.6% in February, while mining rose 0.8%.
- Manufacturing, which excludes mining/utilities, increased 0.2% (+0.1% including revisions to prior months). Auto production jumped 1.6%, while non-auto manufacturing rose 0.1%. Auto production is down 0.8% in the past year, while non-auto manufacturing is up 1.5%.
- The production of high-tech equipment rose 0.7% in February and is up 8.6% versus a year ago.
- Overall capacity utilization remained unchanged at 76.3% in February. Manufacturing capacity utilization remained unchanged at 75.6% in February.





Implications: Industrial production posted a modest gain in February, rising for the fourth consecutive month to hit a new post-COVID high. More broadly, industrial production is up 2.5% since the Trump Administration took office in January 2025, despite huge shifts in trade policy and tariff uncertainty. Meanwhile, the manufacturing sector is up 2.6% over that same period. While these numbers aren't enough to get excited about yet, it's clear that a new upward trend in activity is emerging. Digging into the details for February, manufacturing was the biggest source of strength, rising 0.2%. The volatile auto sector contributed to the gain, with activity jumping 1.6% in February. Manufacturing ex-autos (which we think of as a "core" version of industrial production) also posted a gain of 0.1%. 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, increased 0.7% in February. High-tech manufacturing is up a strong 8.6% in the past year, the fastest 12-month growth rate of any category. However, the manufacturing of business equipment wasn't far behind, up 6.3% in the past year, signaling reindustrialization in the US outside of just the high-tech industries mentioned above. The mining sector was also a tailwind in February, rising 0.8%. Gain in oil and gas production and the drilling of new wells more than offset a decline in the extraction of other metals and minerals. Finally, utilities output (which is volatile and largely dependent on weather) declined 0.6% in February. In other manufacturing news this morning, the Empire State Index – a measure of factory sentiment in the New York region – declined to -0.2 in March from +7.1 in February. Finally, the NAHB index, a measure of homebuilding sentiment, increased to 38 in March. Keep in mind readings below 50 signal a greater number of builders view conditions as poor versus good, now the 23rd consecutive month that has been the case.

Industrial Production Capacity Utilization *All Data Seasonally Adjusted*	Feb-26	Jan-26	Dec-25	3-mo % Ch *annualized*	6-mo % Ch. *annualized*	Yr to Yr *% Change*
Industrial Production	**0.2%**	0.7%	0.3%	4.8%	2.0%	1.5%
Manufacturing	**0.2%**	0.8%	-0.3%	2.9%	0.6%	1.2%
Motor Vehicles and Parts	**1.6%**	2.5%	0.2%	18.5%	-8.5%	-0.8%
Ex Motor Vehicles and Parts	**0.1%**	0.6%	-0.3%	1.7%	1.2%	1.5%
Mining	**0.8%**	0.9%	-2.0%	-1.0%	-2.4%	1.4%
Utilities	**-0.6%**	0.1%	6.0%	23.6%	15.2%	2.5%
Business Equipment	**0.1%**	0.9%	0.7%	7.4%	4.7%	6.3%
Consumer Goods	**0.1%**	0.3%	0.9%	5.4%	1.2%	-0.2%
High-Tech Equipment	**0.7%**	2.6%	0.2%	14.8%	11.4%	8.6%
Total Ex. High-Tech Equipment	**0.2%**	0.7%	0.3%	4.9%	1.8%	1.3%
				3-mo Average	6-mo Average	12-mo Average
Cap Utilization (Total)	**76.3**	76.3	75.8	76.1	75.9	76.0
Manufacturing	**75.6**	75.6	75.0	75.4	75.4	75.6

Source: Federal Reserve Board