

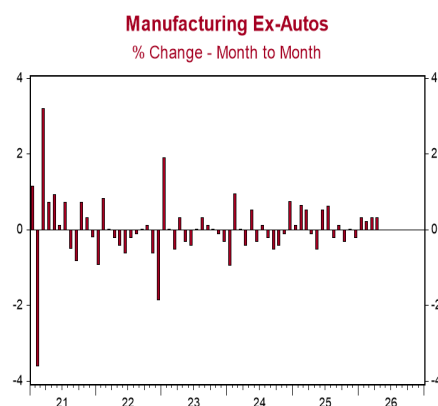
## April Industrial Production / Capacity Utilization

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- Industrial production increased 0.7% in April, easily beating the consensus expected gain of 0.3%. Utilities output jumped 1.9% in April, while mining declined 0.1%.
- Manufacturing, which excludes mining/utilities, increased 0.6% (+0.7% including revisions to prior months). Auto production jumped 3.7%, while non-auto manufacturing rose 0.3%. Auto production is up 2.5% in the past year, while non-auto manufacturing is up 1.1%.
- The production of high-tech equipment rose 1.0% in April and is up 9.2% versus a year ago.
- Overall capacity utilization increased to 76.1% in April from 75.7% in March. Manufacturing capacity utilization rose to 75.8% in April from 75.4%.



Source: Federal Reserve Board/Haver Analytics



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**Implications:** Industrial production surprised to the upside in April, beating even the most optimistic forecast of any economics group surveyed by Bloomberg. Overall activity rose 0.7%, with underlying details showing broad-based gains. The largest positive contribution in April came from the manufacturing sector, which posted a gain of 0.6%. The volatile auto sector rebounded in April, with activity jumping 3.7%. Meanwhile, manufacturing ex-autos (which we think of as a “core” version of industrial production) rose 0.3%, a fourth consecutive monthly gain. 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 1.0% in April. High-tech manufacturing is up a strong 9.2% in the past year, the fastest 12-month growth rate of any major category. Meanwhile, manufacturing of business equipment rose 1.5% in April and was up 6.0% in the past year, signaling a broader reindustrialization. Utilities output (which is volatile and largely dependent on weather from month to month) also posted a gain of 1.9%. Notably, this series has been on an upward trend since 2023 following nearly 20 years of stagnation as power hungry data centers have boosted demand for US power generation. Finally, the one weak spot in today’s report came from the mining sector, which posted a decline of 0.1%. A drop in the drilling of new wells more than offset unchanged oil and gas production and a small gain in the extraction of other metals and minerals in April. So far, we still haven’t seen US energy companies boost production significantly in response to higher prices caused by the Iran War. Finally, in other news this morning, the Empire State Index – a measure of factory sentiment in the New York region – increased to +19.6 in May from +11.0 in April.

Industrial Production Capacity Utilization <i>All Data Seasonally Adjusted</i>	Apr-26	Mar-26	Feb-26	3-mo % Ch annualized	6-mo % Ch. annualized	Yr to Yr % Change
<b>Industrial Production</b>	<b>0.7%</b>	-0.3%	0.6%	4.0%	2.6%	1.4%
<b>Manufacturing</b>	<b>0.6%</b>	0.1%	0.4%	4.2%	2.7%	1.2%
<b>Motor Vehicles and Parts</b>	<b>3.7%</b>	-2.3%	3.0%	18.4%	13.4%	2.5%
<b>Ex Motor Vehicles and Parts</b>	<b>0.3%</b>	0.3%	0.2%	3.4%	1.9%	1.1%
<b>Mining</b>	<b>-0.1%</b>	-1.6%	2.3%	2.4%	0.2%	0.2%
<b>Utilities</b>	<b>1.9%</b>	-1.3%	0.4%	3.7%	3.5%	2.8%
<b>Business Equipment</b>	<b>1.5%</b>	-0.1%	0.5%	7.7%	7.6%	6.0%
<b>Consumer Goods</b>	<b>0.9%</b>	-0.8%	1.0%	4.6%	0.8%	-0.3%
<b>High-Tech Equipment</b>	<b>1.0%</b>	0.5%	-0.1%	5.9%	12.4%	9.2%
<b>Total Ex. High-Tech Equipment</b>	<b>0.7%</b>	-0.3%	0.6%	4.1%	2.4%	1.2%
<b>Cap Utilization (Total)</b>	<b>76.1</b>	75.7	76.0	3-mo Average	6-mo Average	12-mo Average
<b>Manufacturing</b>	<b>75.8</b>	75.4	75.4	75.9	75.8	75.9
				75.5	75.3	75.4

Source: Federal Reserve Board