

U.S. Flash

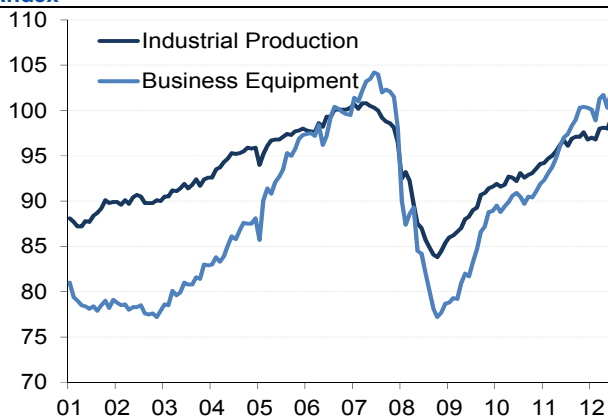
Industrial Production Rose On Strong Utilities Output

- Output increased 0.4%, higher than consensus due to abnormal weather
- Manufacturing output declined slightly as durable goods production slowed
- Capacity utilization rose to 78.5% after a downward revision for February

Industrial production was impacted heavily by the colder weather across the nation in March. Rising 0.4%, the increase in production was not heavily focused in the manufacturing sector as would normally be the case, but in utilities instead. The colder weather prompted a 5.3% monthly surge in utilities production and usage as natural gas was required for heating purposes. The energy component of nondurables grew by 4.8%, its largest monthly rise since May of last year. Production rose in both the durable and non-durable components as production of final products continued to rise for the past three months. Automotive continues to be the driver of durable consumer goods due to high demand from both the foreign and domestic markets. Business equipment rose slightly as the transit equipment component pulled the index upward.

Manufacturing showed signs of decline as durable goods declined and non-durables remained flat. Primary metal manufacturing declined the most in the durable goods category while, mimicking the production figures, automotive vehicle and parts rose for the third straight month. In non-durables, apparel decline significantly while the remaining components were mixed and resulted in no change for the nondurable goods manufacturing component as a whole. Capacity utilization grew slightly although the rise is less pronounced after February's figure was revised downward to 78.3% from 79.6%. Overall, industrial production does point toward some growth in output although with weather related impacts the core production and manufacturing components are showing some softness as demand fluctuates.

Chart 1
Industrial Production Index



Source: Federal Reserve Board

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