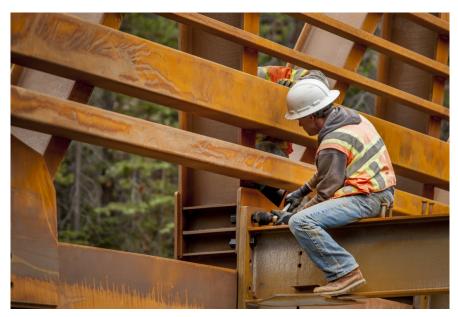


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## US industrial production shows slight downside miss

Industrial production rise makes us more optimistic for a 3% GDP figure for 3Q17



Source: iStockphoto

US industrial production has been released half an hour early on the Federal Reserve's website and shows output rose 0.2% versus the 0.3% consensus. Manufacturing surprisingly fell 0.1%, but this was offset by a 0.5% rise in mining and a 1.6%MoM increase in utilities. However, the index has been performing well recently with output up 2.2%YoY.

Manufacturing was a little disappointing, falling 0.1%MoM, but with manufacturing employment rising strongly and the ISM manufacturing series remaining firmly in growth territory we see this as a temporary dip with stronger figures likely in coming months, especially given healthy order books and the weaker dollar boosting international competitiveness.

Mining continues its strong run, rising 0.5%MoM/10.2% YoY. The recent strengthening of the oil price will continue to support shale oil output here. Meanwhile, the volatile utilities component grew 1.6%MoM, but this series is typically driven by weather patterns rather than any macro cycle.

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Overall, the outlook for the sector remains positive and with consumer spending looking in good shape too. We remain optimistic on the prospect for a 3%+ GDP figure for 3Q17.

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