

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.

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.

Author

James Knightley

Chief International Economist, US

james.knightley@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.