

## US industrial production shows slight downside miss

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



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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.

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