

US industry data adds to growth optimism

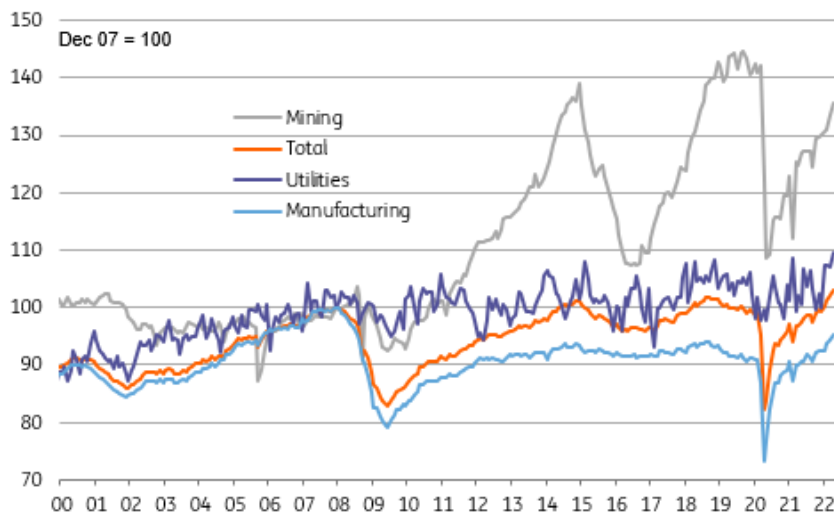
Full order books and rising energy prices mean robust growth momentum can continue and adds to optimism that second-quarter GDP will exceed 3%



Manufacturing output is now more than 4% up on pre-pandemic levels

Following on from the [very good retail sales report](#), we have a much stronger than expected US industrial production release for April. Output rose 1.1% month-on-month in April versus the 0.5% consensus with manufacturing up 0.8% (consensus 0.4%), utilities up 2.4% and mining up 1.6% with oil and gas drilling up 3.2%.

US industrial production level breakdown



Source: Macrobond, ING

Manufacturing output is now more than 4% up on pre-pandemic levels and is at its highest level since 2008. Motor vehicles and parts led the way with a 3.9% MoM increase to leave output up 17% year-on-year, which suggests there has been a clear improvement in supply chains. Importantly this points to more availability of vehicles that can take more steam out of the second-hand car market. Surging prices here have been a key factor pushing consumer price inflation higher over the past couple of years given its 4.2% weighting within the CPI basket.

Excluding autos, manufacturing output was up 0.8% with machinery output rising 0.8% and consumer goods also up 0.8% with business equipment up 1.1%

Order books suggest manufacturing momentum can continue



Source: Macrobond, ING

Decent order books point to ongoing strength in output while elevated oil and gas prices are prompting more drilling activity. The number of new oil and gas rigs is rising pretty rapidly now

(714 last week versus 673 at the beginning of April). As with the good retail sales report, this all points to a strong 2Q GDP rebound, keeping the Federal Reserve on track with 50bp interest rate hikes.

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 <http://www.ing.com>.