Industrial Production Flat in June

*Industrial production was flat during June, as a drop in utilities output outweighed gains in mining and manufacturing. Despite the second consecutive monthly gain, manufacturing output remains fairly weak.*

**Drop in Utilities Weighs on Overall Production**
- Overall industrial production was essentially unchanged in June. However, the underlying details paint a slightly better picture, as solid gains in manufacturing and mining were not enough to offset a decline in utilities.
- Mining rose 0.2%, bolstered by oil and gas extraction. A steadily declining rig count will limit potential future gains. Utilities gave back all of May’s weather-induced bump and dropped 3.6%.

**Manufacturing Boosted by Autos**
- Manufacturing rose 0.4%, the second straight monthly gain. June’s gain was helped by a 2.9% upturn in motor vehicles production. Excluding autos, manufacturing rose just 0.2%, a result more in line with the underlying slowing trend in overall manufacturing production, which declined 2.2% in the second quarter. Slowing global growth, trade uncertainty and a stronger dollar will likely continue to weigh heavily on the factory sector.

Source: Federal Reserve Board, Baker Hughes and Wells Fargo Securities