A Welcome Direction Change for IP, but Not the All Clear

*Industrial production (IP) rose 1.1% in November led by the manufacturing component. This is a welcome shift after declines in three out of the four preceding months, but not the end of the struggles for manufacturing.*

A Welcome Change in Momentum, but Not the All Clear

- Manufacturing output, which comprises three quarters of all industrial activity, jumped 1.1% in November, the largest monthly increase since February 2018.
- The gain comes after manufacturing output fell in three out of four prior months and was down in seven of the first 10 months of the year. But low base effects may have played a role, and the level of factory output is still off 0.7% compared to a year ago.

Mining Production Lower, a Less-Bad Outlook?

- Utilities production rose during this chilly November but mining output continued to fall amid a trend decline in the oil and gas rig count over the past year.
- The factory sector is not out of the woods, but a step toward détente in the trade war last week and signs of bottoming in other areas—like the November rise in the ISM production component to a less-bad 49.1—suggest hope for improvement.

Source: Federal Reserve Board, Baker Hughes, Institute for Supply Management and Wells Fargo Securities