

## UNITED STATES

### Strong rebound by industrial production in November

#### HIGHLIGHTS

- Industrial production jumped 1.3% in November after gaining 0.1% (revised from -0.1%) in October.
- Manufacturing output advanced 1.1% after rising just 0.1% in October. Mining activity fell 0.1%, but energy production increased 5.1%.
- The industrial capacity utilization rate climbed from 79.3% to 80.1%.
- The New York Fed Empire index posted a surprising drop in December, going from 10.16 to -3.58, the first negative result since January 2013. The poor weather affecting the Great Lakes region in November is one factor behind this contraction.

#### COMMENTS

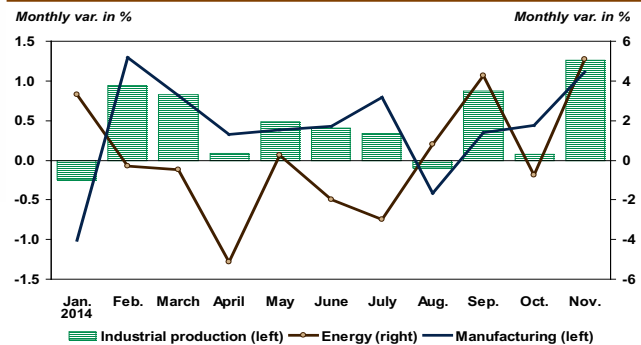
Industrial production is now one of the several robust economic indicators published for the United States recently. Production had been relatively disappointing in previous months, but November's jump constitutes its best monthly growth since May 2010.

Nearly all components of industrial output posted solid growth in November, starting with the automotive sector, which gained 5.1%. This is the strongest growth since July and comes on the heels of three straight months of losses. Auto production has therefore resumed an uptrend that is more in line with that of sales. Excluding autos, manufacturing output rose 0.9%. The strong 5.1% growth by energy production is primarily due to lower-than-average temperatures in November in the United States, after a rather warm October.

Good growth by production led to a notable increase in the industrial capacity utilization rate. At 80.1%, it is at its highest point since March 2008. The peak just before the recession was 80.8%; in the 1990s, it was 85.0%.

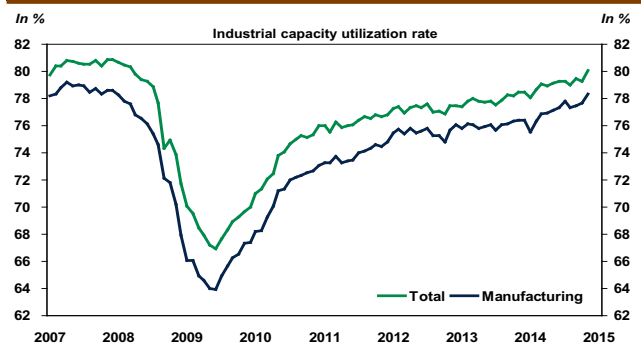
**Implications:** December's rebound by manufacturing production is very good news, and we should not worry

#### The best growth by industrial production this year



Sources: Federal Reserve Board and Desjardins, Economic Studies

#### The industrial capacity utilization rate is nearing pre-recession levels



Sources: Federal Reserve Board and Desjardins, Economic Studies

too much about the drop in the Empire index. The greater industrial capacity utilization rate is another reason the Federal Reserve should begin to prepare the markets for an eventual key rate hike in 2015.

**Francis Généreux**  
Senior Economist

**François Dupuis**  
Vice-President and Chief Economist

**Hélène Bégin**  
Senior Economist

**Benoît P. Durocher**  
Senior Economist

**Francis Généreux**  
Senior Economist

514-281-2336 or 1 866 866-7000, ext. 2336  
E-mail: [desjardins.economics@desjardins.com](mailto:desjardins.economics@desjardins.com)