



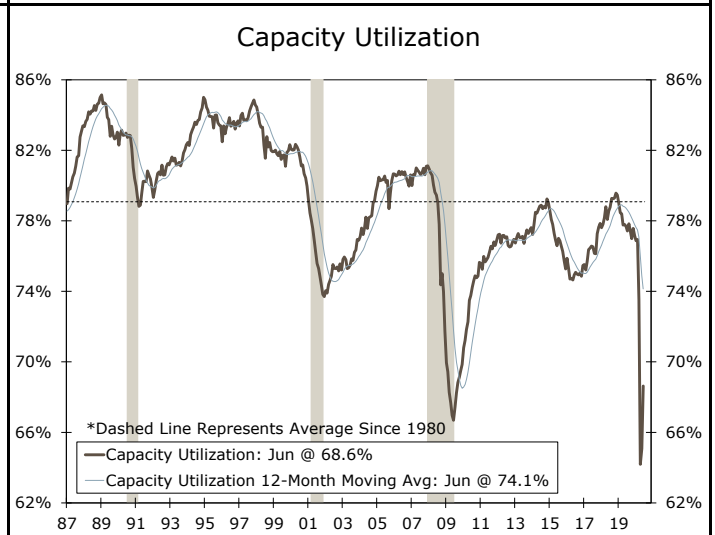
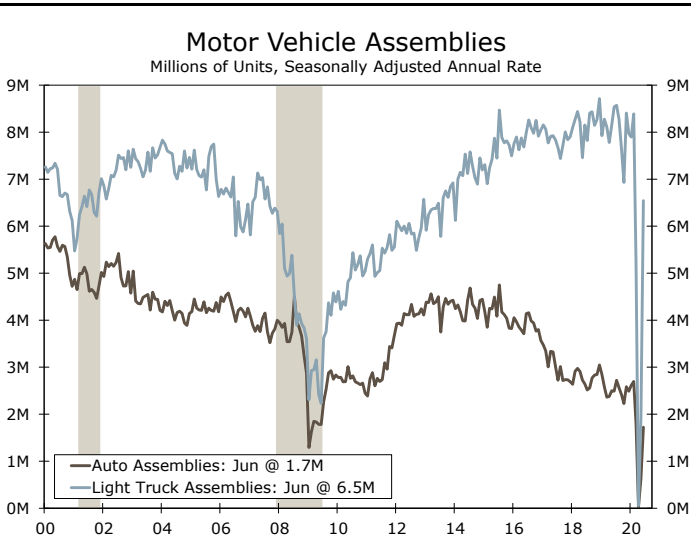
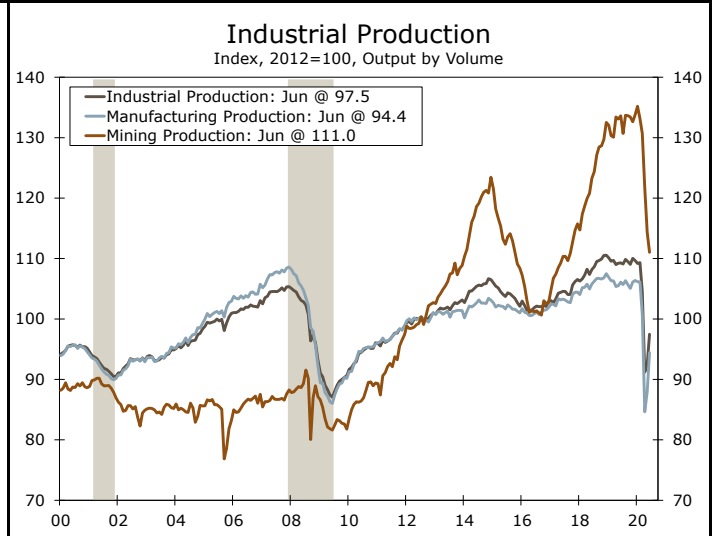
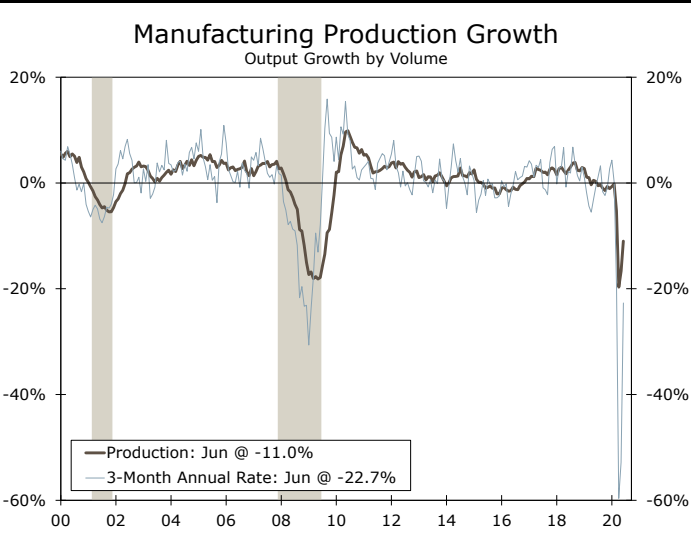
Economics Group

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Industrial Production: Another Step in the Right Direction

The industrial production index clawed back more ground in June, increasing 5.4%. Autos led a broadening increase in manufacturing production, while the drag from mining eased as oil demand has firmed a bit.

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| <p>Production Revs Up</p> <ul style="list-style-type: none"> As more of the nation's factories re-opened in June, manufacturing production grew 7.2%. Auto & parts production posted another significant bounce (up 105%), as consumers began to return to dealer lots. However, the rebound extended more broadly beyond the auto sector compared to May, with production in every major manufacturing industry up in June. Nevertheless, manufacturing output is down 11% since January. | <p>Still a Ways to Go</p> <ul style="list-style-type: none"> Total industrial production (IP) rose a more modest 5.4%, as low oil prices continue to weigh on energy extraction. Mining, which accounts for about 15% of IP, fell 2.9%. That rate of decline, however, is smaller than May, as demand for oil and therefore prices have firmed up a bit as the economy has re-opened. Capacity utilization improved, but underscores the depressed levels of activity relative to the start of the year. |
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Source: Federal Reserve Board and Wells Fargo Securities

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