Economic Indicator — December 3, 2025

Industrial Output Inched Up in September

Summary

Industrial production eked out a 0.1% gain in September, and downward revisions to prior months say more about data adjustment than they do a weaker recent trend in activity. Manufacturing output stalled due to production cuts at auto plants. The bigger picture continues to be tech-output driving the growth and offsetting weakness elsewhere.

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Output Barely Increased

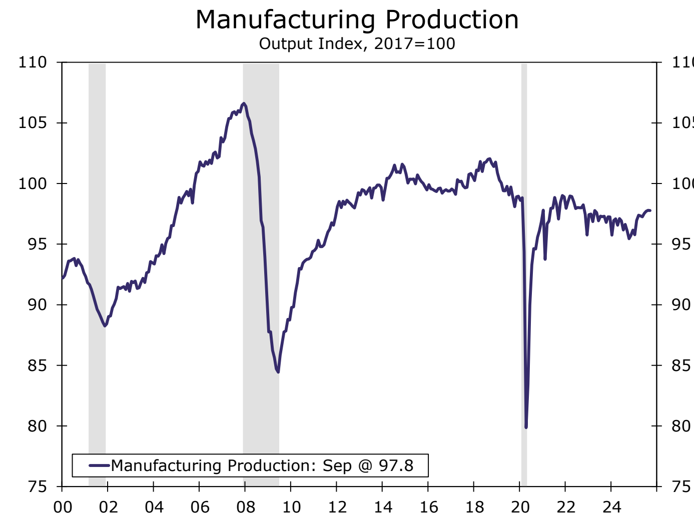
In the latest roll-out of shutdown-delayed data, today brings a first look at the September industrial production report. The September number itself was not awful: output rose 0.1% in the month. But, the prior month's industrial production figures were revised lower, so a 0.1% pick-up from a lower base is not much of a feat. Manufacturing output for September was flat. But as we detail below, the near-term trend was not materially altered by these adjustments which stem from annual revisions—manufacturing output has moved higher since earlier this year (chart).

Firms that are putting out less product are leaving more equipment idle. No surprise then to see that revisions lowered capacity utilization as well. A small consolation: lower rates of capacity utilization mean less inflationary pressure, all else equal. Of course in a manufacturing backdrop defined by ever-changing trade policy, all else is not equal. Still, given the rise in the November reading prices paid component of the ISM earlier this week, it is a slight relief to know that capacity issues are not apt to push prices even higher.

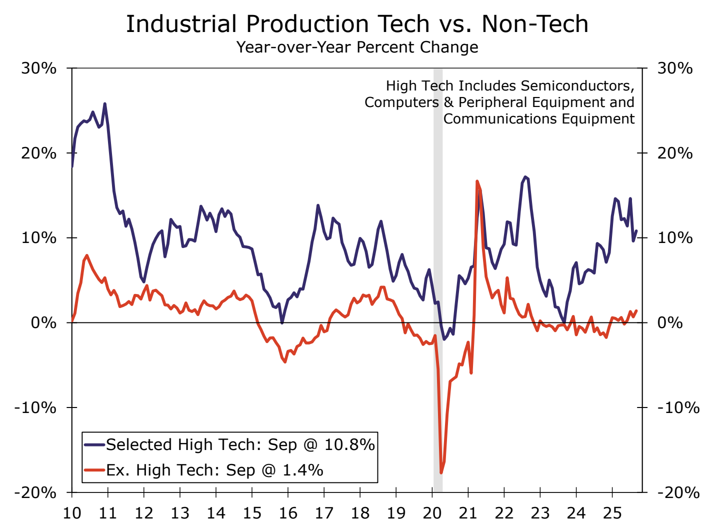
The accompanying release noted a few details regarding the data, primarily around availability and annual revisions. While the federal government shutdown delayed available data, the later publication date for this release resulted in *more* source data being available—specifically 85% of the source data was available versus the typical 78%. This release also incorporated annual revisions which included new Census benchmark data and NAICS classification. Revisions go back pretty far and don't materially alter the narrative in the industrial sector at large. Consider that while the manufacturing index in August is now 3.2% lower than previously reported, the year-over-year change is modestly higher (1% through August versus 0.9% previously).

Output in some industries now looks to be in somewhat better shape with large upward revisions to durable products like wood and nonmetallic metals being offset with downward revisions to nondurables like apparel, petroleum and paper. Of all manufacturing industries, computer & electronic products continues to see the fastest annual pace of growth even post revisions, and from a bigger picture perspective, the narrative in the industrial space has not materially changed—industrial output growth has been driven largely by tech-sector output.

After years of construction, facilities that produce semiconductors, computers & peripheral equipment and communication equipment have been far outpacing areas in non-tech related output (chart). The revisions in this release narrowed this gap between these two breakouts, but only marginally, and when you compare them, you get a sense of how broad measures of output look somewhat more encouraging than the contraction signals from the ISM manufacturing index would set you up to expect.



Source: Federal Reserve Board and Wells Fargo Economics



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