

Economic Indicator — June 17, 2025

## High-Tech Silver Lining for Otherwise Cloudy Manufacturing Sector

### Summary

The May industrial production report was a bit of a snoozer. What you need to know: manufacturing activity continued to tread water with tariff policy still weighing on activity rather than spurring it.

Economist(s)

**Shannon Grein**

Economist | Wells Fargo Economics  
shannon.grein@wellsfargo.com | 704-410-0369

**Tim Quinlan**

Senior Economist | Wells Fargo Economics  
Tim.Quinlan@wellsfargo.com | 704-410-3283



Source: Federal Reserve Board and Wells Fargo Economics

## Utilities Pulls Down Overall Output

So far, 2025 has not been a stellar year for American industry. Industrial production fell 0.2% in May, the third decline in the first five months of the year. On a year-over-year basis, industrial production is up just 0.6%.

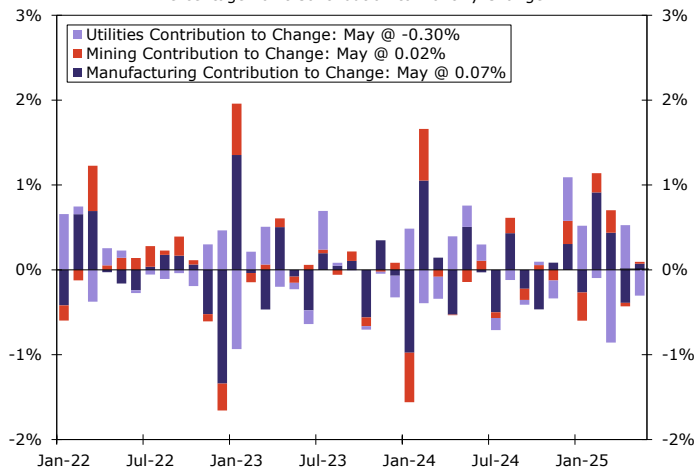
Utilities output fell for the third time in four months. Blame the 2.9% drop in May for the headline miss ([chart](#)). Mining output was up 0.1%. These two categories together comprise about a quarter of overall production.

The largest category is manufacturing, where output grew 0.1% in May, retracing just a fraction of last month's 0.5% decline. The big gainer in terms of manufacturing output was motor vehicles & parts, where output rose 4.9%. That offset falling production in other manufacturing durables categories such as fabricated metals and machinery. Non-durable manufacturing picked up, but only modestly—textiles, apparel and paper all saw output expand in May. The gain in autos also ultimately comes off a drop in April and likely more so reflects monthly noise at this point rather than a tariff-induced revival. Over the past year, auto production is up less than 1%.

High-tech related manufacturing has been the area to watch in an otherwise dull sector. As seen in the nearby [chart](#), growth in manufacturing of computers, electrical equipment and semiconductors has far outpaced broader manufacturing. In May, growth in these components was fairly more muted, but together these selected industries rose 0.4%, continuing to outpace broader manufacturing.

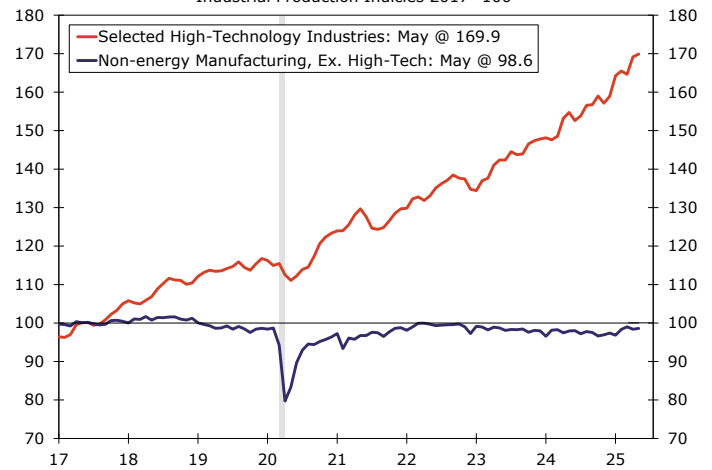
Continued uncertainty around where trade policy will ultimately land is preventing many businesses from taking on new capital expenditures, unsure of the policy and underlying demand environment. We expect manufacturing to continue to tread water in the months ahead.

**Industrial Production by Industry Group**  
Percentage Point Contribution to Monthly Change



Source: Federal Reserve Board and Wells Fargo Economics

**High-Tech Production vs. Other**  
Industrial Production Indices 2017=100



Source: Federal Reserve Board and Wells Fargo Economics

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**Economics Group**

Jay H. Bryson, Ph.D.	Chief Economist	704-410-3274	Jay.Bryson@wellsfargo.com
Sam Bullard	Senior Economist	704-410-3280	Sam.Bullard@wellsfargo.com
Nick Bennenbroek	International Economist	212-214-5636	Nicholas.Bennenbroek@wellsfargo.com
Tim Quinlan	Senior Economist	704-410-3283	Tim.Quinlan@wellsfargo.com
Sarah House	Senior Economist	704-410-3282	Sarah.House@wellsfargo.com
Azhar Iqbal	Econometrician	212-214-2029	Azhar.Iqbal@wellsfargo.com
Charlie Dougherty	Senior Economist	212-214-8984	Charles.Dougherty@wellsfargo.com
Michael Pugliese	Senior Economist	212-214-5058	Michael.D.Pugliese@wellsfargo.com
Brendan McKenna	International Economist	212-214-5637	Brendan.Mckenna@wellsfargo.com
Jackie Benson	Economist	704-410-4468	Jackie.Benson@wellsfargo.com
Shannon Grein	Economist	704-410-0369	Shannon.Grein@wellsfargo.com
Nicole Cervi	Economist	704-410-3059	Nicole.Cervi@wellsfargo.com
Jeremiah Kohl	Economic Analyst	212-214-1164	Jeremiah.J.Kohl@wellsfargo.com
Aubrey Woessner	Economic Analyst	704-410-2911	Aubrey.B.Woessner@wellsfargo.com
Delaney Conner	Economic Analyst	704-374-2150	Delaney.Conner@wellsfargo.com
Anna Stein	Economic Analyst	212-214-1063	Anna.H.Stein@wellsfargo.com
Ali Hajibeigi	Economic Analyst	212-214-8253	Ali.Hajibeigi@wellsfargo.com
Azhin Abdulkarim	Economic Analyst	212-214-5154	Azhin.Abdulkarim@wellsfargo.com
Coren Miller	Administrative Assistant	704-410-6010	Coren.Miller@wellsfargo.com

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