



Economics Group

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Industrial Production Hums Along

Industrial production (IP) rose 0.3% in September as mining and durable goods manufacturing advanced. Solid production of business equipment bodes well for Q3 GDP, but IP is likely to moderate in the coming months.

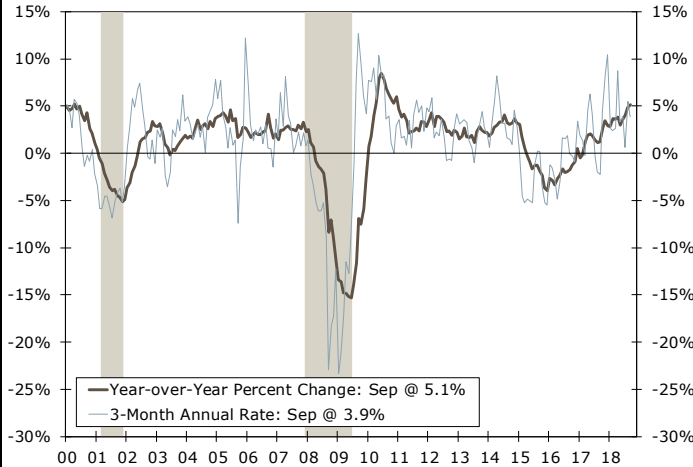
Mining Matters

- Industrial production remained solid in September, advancing 0.3%. The impact from Hurricane Florence was fairly minor—less than 0.1 percentage point—the Fed estimates.
- Higher oil prices have continued to support mining activity, which was up 0.5% in September and 13.4% over the past year.
- Manufacturing rose 0.2% amid gains in motor vehicles and machinery, bringing the year-ago rate to a six-year high.

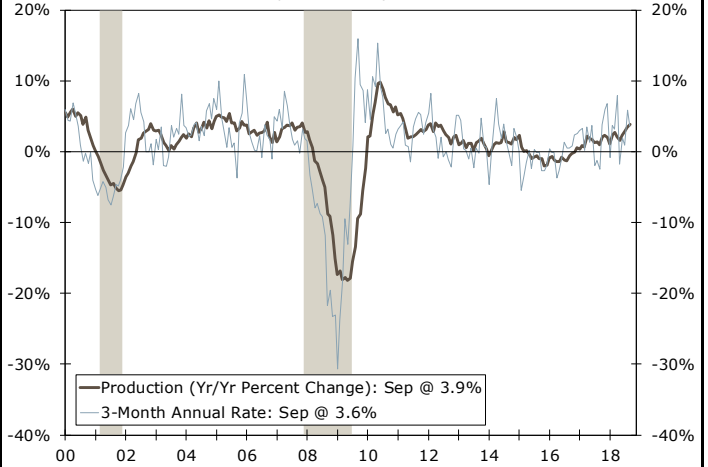
Moderation in Store

- After a 0.8% gain last month, production of business equipment rose at an 8.0% clip in the third quarter. That points to another decent print for equipment spending for Q3 GDP.
- Nevertheless, total industrial production slowed over the quarter. We expect to see further moderation in the coming months amid slower global growth, a strong dollar, ongoing trade tensions and rising rates.

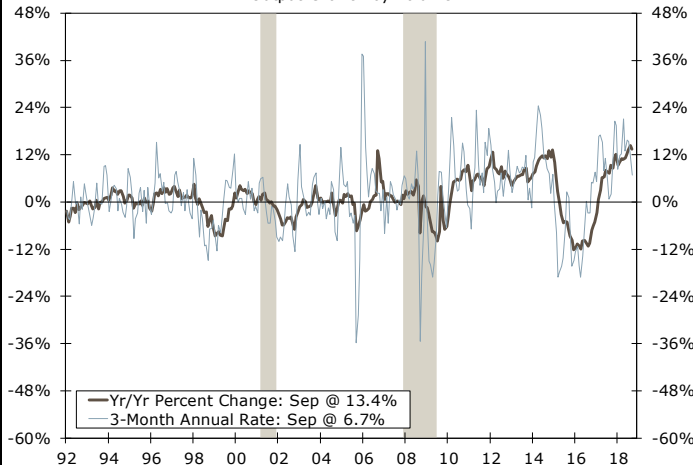
Total Industrial Production Growth
Output Growth by Volume



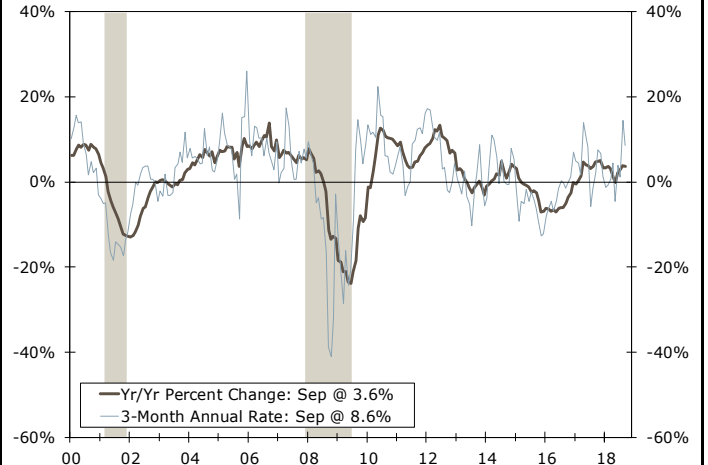
Manufacturing Production Growth
Output Growth by Volume



Mining Production Growth
Output Growth by Volume



Industrial Production - Business Equipment
Output Growth by Volume



Source: Federal Reserve Board and Wells Fargo Securities

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