



Economics Group

Sarah House, Economist
sarah.house@wellsfargo.com • (704) 410-3282
 Shannon Seery, Economic Analyst
shannon.seery@wellsfargo.com • (704) 410-1681

Cold Weather Lifts IP, but Moderation Ahead

Industrial production (IP) rose 0.6% in November, boosted by utilities and mining output. Manufacturing production was flat, however, and we expect further moderation ahead given slower U.S. and global growth.

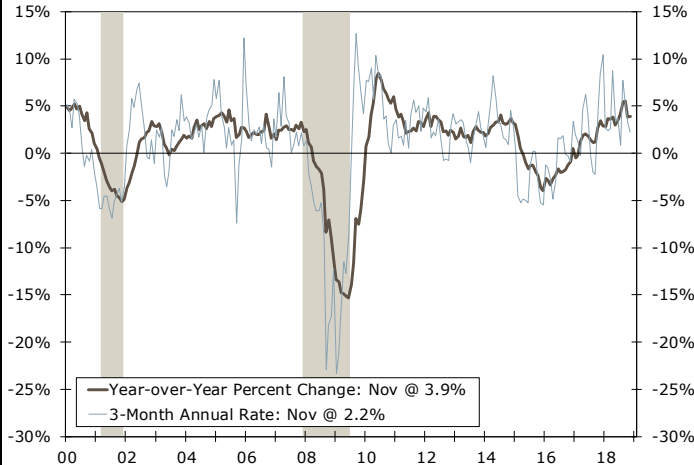
Utilities & Mining Drive IP

- Industrial production rose 0.6% in November, boosted by a 3.3% jump in utilities as colder-than-usual temperatures gripped much of the country last month.
- Despite a sharp drop in oil prices over the month, mining output was up 1.7%, and contributed 0.3 percentage points to total IP growth. But, after rising 13.2% over the past year, the support from the mining sector is expected to fade in the coming months.

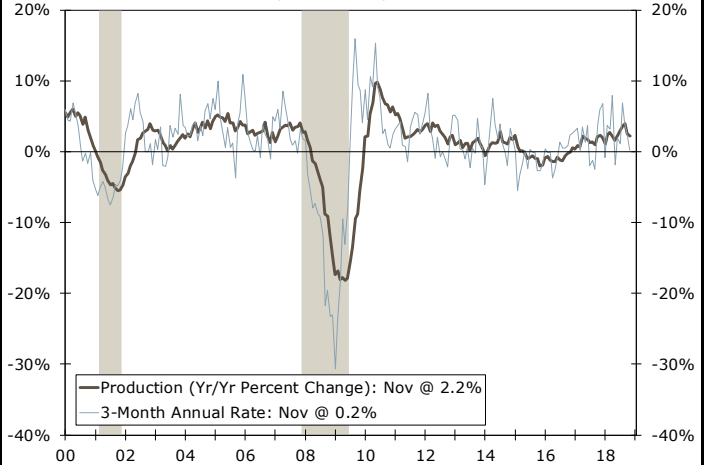
Manufacturing Moderation Ahead

- More telling of recent economic activity was the flat reading in manufacturing production. After declining 0.1% in October, the flat reading in November hints that the robust pace of production this past year is beginning to slow.
- We expect to see continued softening in the pace of manufacturing growth in the coming year, as both U.S. and global growth slow and the dollar remains a headwind for exporters.

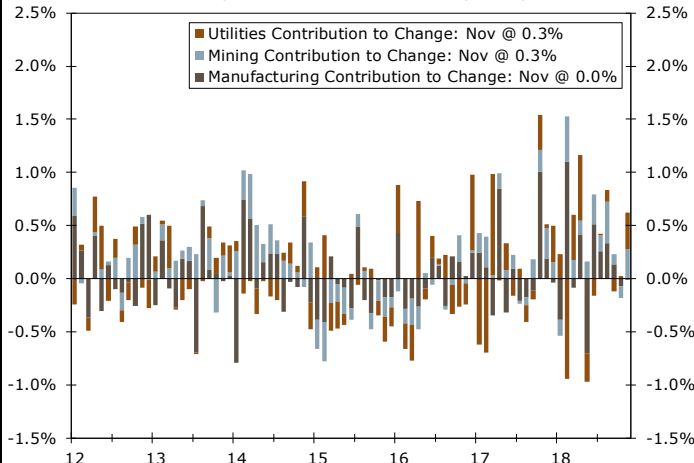
Total Industrial Production Growth
Output Growth by Volume



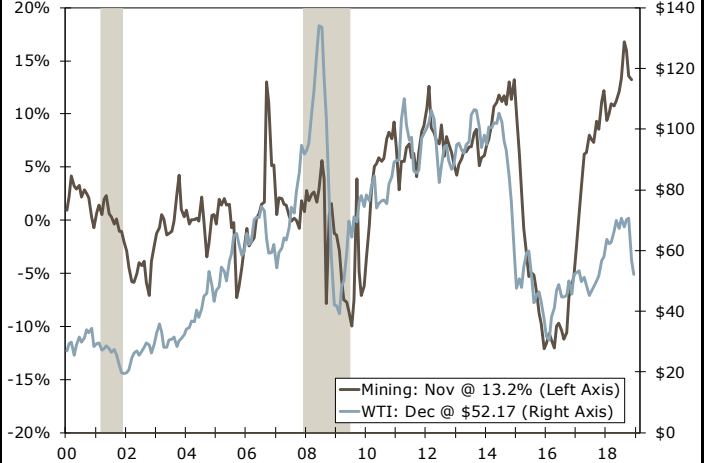
Manufacturing Production Growth
Output Growth by Volume



Industrial Production by Industry Group
Percentage Point Contribution to Monthly Change



Mining IP vs. WTI Oil Prices
Year-over-Year Percent Change, USD



Source: Federal Reserve Board, New York Mercantile Exchange and Wells Fargo Securities

Wells Fargo Securities Economics Group

Diane Schumaker-Krieg	Global Head of Research, Economics & Strategy	(704) 410-1801 (212) 214-5070	diane.schumaker@wellsfargo.com
Jay H. Bryson, Ph.D.	Global Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Macro Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Azhar Iqbal	Econometrician	(704) 410-3270	azhar.iqbal@wellsfargo.com
Tim Quinlan	Senior Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Sarah House	Senior Economist	(704) 410-3282	sarah.house@wellsfargo.com
Charlie Dougherty	Economist	(704) 410-6542	charles.dougherty@wellsfargo.com
Erik Nelson	Macro Strategist	(212) 214-5652	erik.f.nelson@wellsfargo.com
Michael Pugliese	Economist	(212) 214-5058	michael.d.pugliese@wellsfargo.com
Brendan McKenna	Macro Strategist	(212) 214-5637	brendan.mckenna@wellsfargo.com
Abigail Kinnaman	Economic Analyst	(704) 410-1570	abigail.kinnaman@wellsfargo.com
Shannon Seery	Economic Analyst	(704) 410-1681	shannon.seery@wellsfargo.com
Matthew Honnold	Economic Analyst	(704) 410-3059	matthew.honnold@wellsfargo.com
Donna LaFleur	Executive Assistant	(704) 410-3279	donna.lafleur@wellsfargo.com
Dawne Howes	Administrative Assistant	(704) 410-3272	dawne.howes@wellsfargo.com

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