



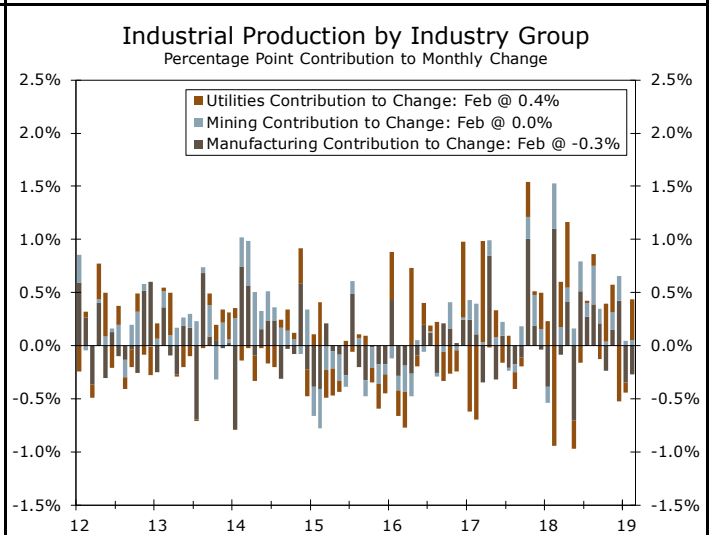
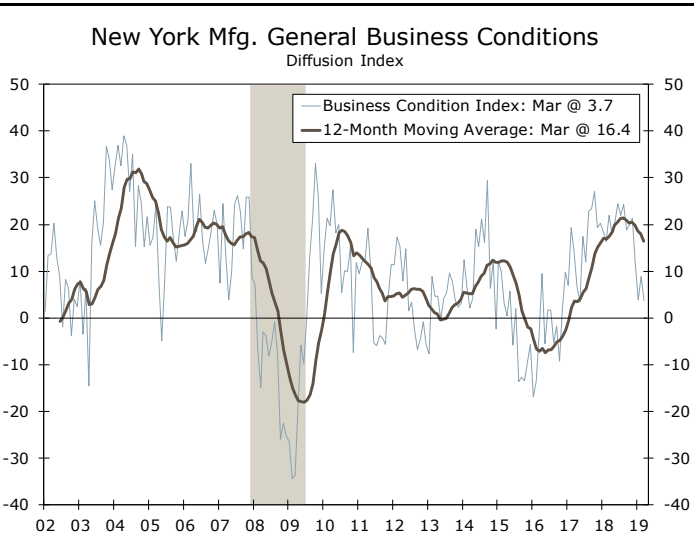
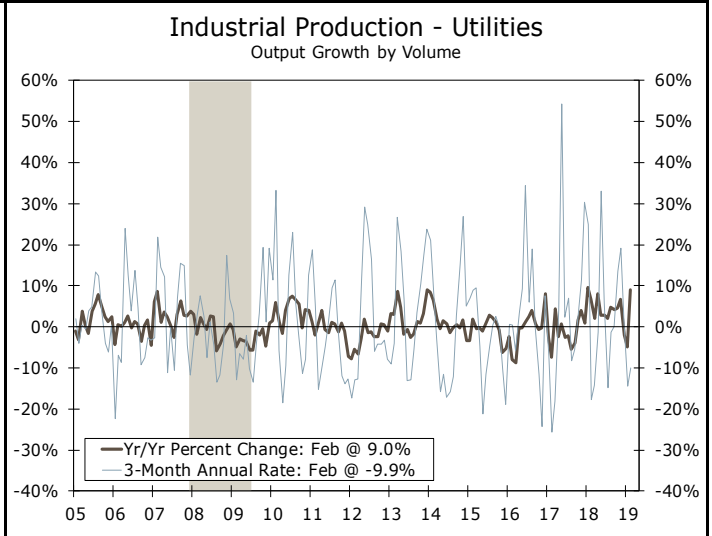
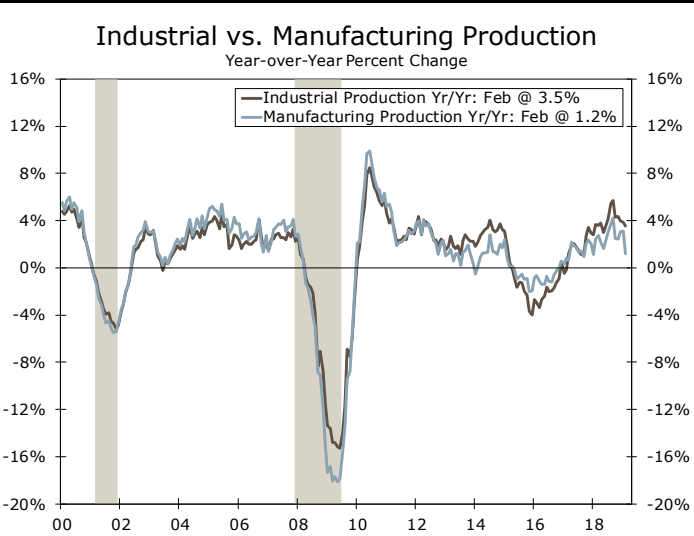
Economics Group

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Manufacturing Weighs on February Industrial Production

The 0.4% decline in February manufacturing output held back a more pronounced gain in industrial production. With a weak global backdrop, the outlook for manufacturing activity remains under pressure.

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| <p>Manufacturing Activity Remains Weak</p> <ul style="list-style-type: none"> Industrial production rose a modest 0.1% in February. This followed a decline in January, which was entirely due to weakness in manufacturing. This core weakness remained in February, as manufacturing output fell 0.4%. The Fed is no doubt watching the two consecutive declines in manufacturing. At the very least, this release reaffirms their patient stance on further policy tightening. | <p>Utilities & Mining Up</p> <ul style="list-style-type: none"> In a separate release this morning, we learned that the NY Fed's Empire Index fell to 3.7 in March, suggesting a near-term rebound in manufacturing activity remains limited. Gains were evident elsewhere in the release. Cold weather across much of the country in February drove utilities output higher (up 3.7%), while mining output rose a more modest 0.3%. Despite these gains, the core trend in industrial output remains weak. |
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Source: Federal Reserve System and Wells Fargo Securities

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