

# U.S. Manufacturing Output Rose for a Second Month in October

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Output at U.S. manufacturers rose for a second month in October, a sign the industry is gradually recovering from a prolonged period of weakness.

Production at factories, which make up 75 percent of all output, climbed 0.2 percent for a second month, a Federal Reserve report showed Wednesday. The median forecast in a Bloomberg survey called for a 0.3 percent gain. Warmer temperatures led to a drop in utility use, resulting in little change to total industrial production, which also includes mining.

Factories are benefiting from steady household spending growth at the same time the drag on industrial output from the oil sector wanes as prices recover and drillers employ more rigs. Nonetheless, a bigger boost to manufacturing is unlikely without stronger export markets and more domestic business investment.

“The energy sector is stabilizing, and that takes away a negative,” said David Sloan, senior economist at 4CAST-RGE in New York. “People were worried that manufacturing is stalling out but it did get some modest growth. The outlook for manufacturing is getting better slowly.”



Manufacturing accounts for about 12 percent of the economy.

Economists' estimates in the Bloomberg survey for factory output ranged from a drop of 0.6 percent to an advance of 0.5 percent.

Total industrial production for September was revised to a 0.2 percent decrease, previously reported as a 0.1 percent gain. The median projection for October was for a 0.2 percent advance.

Utility output dropped 2.6 percent after a 3 percent decrease the previous month, the Fed report showed.

## Mining Output

Mining production, which includes oil drilling, increased 2.1 percent, the most since March 2014, reflecting a gain in coal output. Oil and gas well drilling jumped 9 percent, the biggest advance since January 2010.

Capacity utilization, which measures the amount of a plant that is in use, eased to 75.3 percent from 75.4 percent in the prior month.

Factory output was boosted by an increase in auto production, which rose 0.9 percent. Excluding autos and parts, manufacturing edged up 0.1 percent after a 0.2 percent gain.

The production of consumer durable goods rose 0.5 percent, while output of business equipment increased 0.2 percent for the first gain in three months.

Output of construction materials climbed 0.6 percent.

Separate data released earlier this month showed the Institute for Supply Management's manufacturing index crept up to 51.9 in October from 51.5 the previous month. The group's gauge of new orders fell, while measures of factory production and employment climbed.

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