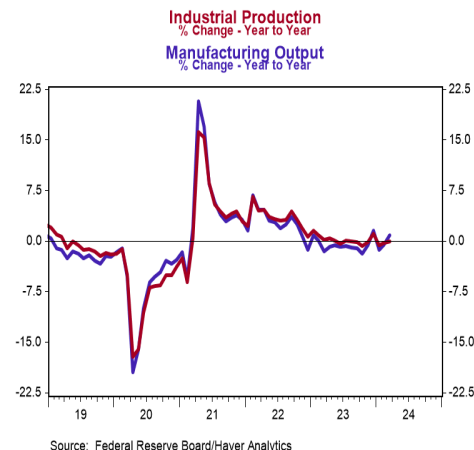


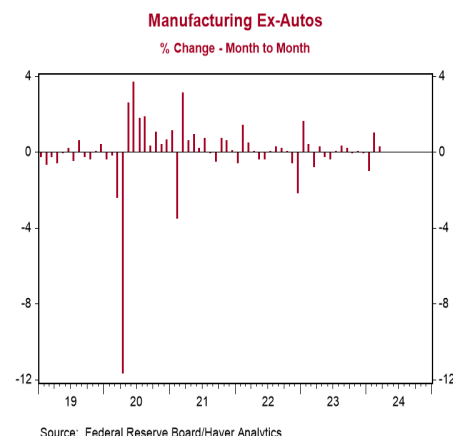
## March Industrial Production / Capacity Utilization

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- Industrial production increased 0.4% in March, matching consensus expectations. Utilities output rose 2.1% in March, while mining declined 1.4%.
- Manufacturing, which excludes mining/utilities, increased 0.5% in March (+0.7% including revisions to prior months). Auto production jumped 3.1%, while non-auto manufacturing rose 0.3%. Auto production has risen 10.5% in the past year, while non-auto manufacturing is up 0.2%.
- The production of high-tech equipment increased 0.3% in March and is up 14.1% versus a year ago.
- Overall capacity utilization increased to 78.4% in March from 78.2% in February. Manufacturing capacity utilization increased to 77.4% in March from 77.1%.



**Implications:** Industrial production continued to rebound in March, rising for a second month due to broad-based gains. The manufacturing sector was the main source of strength in today’s report, with activity rising 0.5%. Auto production jumped 3.1% in March and has been a big driver of activity so far in 2024. This measure is up at a 10.1% annualized rate in the past three months, likely the result of production still getting back on track following large scale strikes late last year. Meanwhile, non-auto manufacturing (which we think of as a “core” version of industrial production) posted a moderate gain of 0.3% in March. The production of high-tech equipment also rose in March and is up 14.1% in the past year, the strongest growth of any major category. This likely reflects investment in AI as well as the reshoring of semiconductor production. Notably, activity here has begun to slow recently signaling that the initial burst due to the CHIPS Act may finally be wearing off. The utilities sector (which is volatile and largely dependent on weather) was also a tailwind in today’s report, rising 2.1% in March. Finally, the one source of weakness in March came from the mining sector, with activity falling 1.4%. Broad-based declines in oil and other mineral extraction more than offset a small increase in natural gas production. However, given the recent jump in energy prices, we expect a rebound in mining in the next couple of months.



Industrial Production Capacity Utilization <i>All Data Seasonally Adjusted</i>	Mar-24	Feb-24	Jan-24	3-mo % Ch annualized	6-mo % Ch. annualized	Yr to Yr % Change
<b>Industrial Production</b>	<b>0.4%</b>	0.4%	-0.8%	0.4%	-1.2%	0.0%
<b>Manufacturing</b>	<b>0.5%</b>	1.2%	-1.1%	2.0%	0.8%	0.8%
<b>Motor Vehicles and Parts</b>	<b>3.1%</b>	3.4%	-3.9%	10.1%	8.1%	10.5%
<b>Ex Motor Vehicles and Parts</b>	<b>0.3%</b>	1.0%	-1.0%	1.2%	0.2%	0.2%
<b>Mining</b>	<b>-1.4%</b>	3.0%	-5.1%	-13.6%	-7.5%	-1.9%
<b>Utilities</b>	<b>2.1%</b>	-7.6%	7.5%	6.0%	-6.4%	-3.1%
<b>Business Equipment</b>	<b>0.1%</b>	2.0%	-1.0%	4.2%	2.3%	1.7%
<b>Consumer Goods</b>	<b>1.3%</b>	-0.9%	-0.1%	1.2%	-0.2%	-0.3%
<b>High-Tech Equipment</b>	<b>0.3%</b>	-1.1%	-0.3%	-4.2%	5.9%	14.1%
<b>Total Ex. High-Tech Equipment</b>	<b>0.4%</b>	0.5%	-0.8%	0.4%	-1.4%	-0.2%
<b>Cap Utilization (Total)</b>	<b>78.4</b>	78.2	77.9	3-mo Average	6-mo Average	12-mo Average
				78.2	78.5	79.0
<b>Manufacturing</b>	<b>77.4</b>	77.1	76.3	76.9	77.1	77.5

Source: Federal Reserve Board