

Donald Trump:'U.S. Industrial Production Surged in April!'



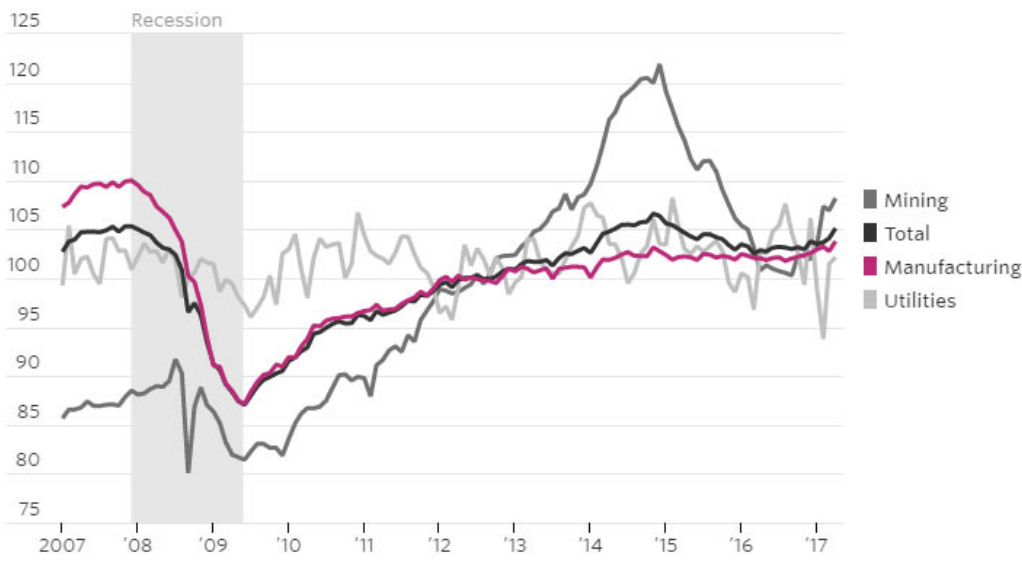
WASHINGTON—U.S. industrial output rose sharply in April, the latest evidence that economic growth is picking up following a lackluster start to the year.

Industrial production—a measure of output at factories, mines and utilities—jumped 1.0% from a month earlier, the Federal Reserve said Tuesday. That was the largest gain in more than three years. The strong showing follows a string of upbeat April indicators, including the unemployment rate falling to its lowest level since 2007, solid consumer spending gains at online

sellers, restaurants and other retailers, and existing-home sales climbing at their fastest pace in a decade. The broad-based growth across key sectors of the economy suggests healthy demand from consumers and businesses, reversing some gloomier readings from earlier in the year. “If you filter through the noise and look at the broader trend, things are starting to get a little better,” said Richard Moody, chief economist at Regions Financial Corp.

Industrial Strength

The U.S. industrial-production index shows a postrecession high for manufacturing output. All three components of the index rose in April.



Note: Seasonally adjusted; 2012=100
Source: Federal Reserve

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Tuesday’s report from the Federal Reserve showed manufacturing output, the biggest component of industrial production, posted its strongest gain since early in 2014, pushing the Fed’s manufacturing index to a new postrecession high.

U.S. factory activity was stagnant through much of 2015 and 2016 as the dollar strengthened, making U.S. goods more expensive to sell overseas, and global economic growth remained tepid. Now, the dollar has stabilized and overseas demand has picked up, helping American factories.

It is less clear if April's strong performance will repeat. The auto industry, which helped drive manufacturing output in April, now faces plateauing sales. Auto makers sold 1.43 million vehicles in the U.S. in April, down 4.7% from a year earlier, according to Autodata Corp. The slump follows a record year for sales in 2016 and is leaving a glut of unsold vehicles piling up on dealer lots.

Other sectors, such as electronics and food manufacturers, posted smaller but perhaps more enduring gains.

"This will be remembered as the year when almost everything in manufacturing got healthy except for motor vehicles," Michael Montgomery, U.S. economist at IHS Markit, said in a research note.

The Institute for Supply Management earlier this month said its closely watched index of U.S. manufacturing activity fell in April but still indicated the sector was expanding. ISM manufacturing readings for each month this year have been higher than any month in 2015 or 2016.

With the latest readings on the economy, forecasters expect a pickup in gross domestic product from the paltry 0.7% annual rate in the opening three months of the year. Macroeconomic Advisers, a research firm, estimates second-quarter growth is tracking at a 3.9% pace.

Tuesday's Fed report showed output in the volatile mining sector advanced 1.2% in April. The mining index, which includes oil and natural gas extraction, was up 7.3% from a year earlier but remains well below its peak. The sector had been weighed down by weak commodity prices but appears to be rebounding.

Utility output rose 0.7% from the prior month but was down 0.5% from a year earlier. Utility use is typically more a reflection of the weather than economic vigor.

source: The Wall Street Journal