

Industrial Production Falls By Least In 6 Months

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WASHINGTON (AP) — The nation's industrial production fell in April by the smallest amount in six months, fresh evidence that the pace of the economy's decline is slowing.

Output by U.S. factories, mines and utilities fell by 0.5 percent last month, after revised declines of 1.7 percent in March and 1 percent in February, the Federal Reserve said Friday. Analysts expected a drop of 0.6 percent in April.

Still, the report shows that U.S. industry remains weak. Industrial production has fallen in 15 of the 17 months since the recession began in December 2007, and is down 16 percent since then.

That has led industrial companies to idle more of their plants and equipment. The overall operating rate for factories, mines and utilities fell to 69.1 percent last month from a revised 69.4 percent in March. That's the lowest rate on records dating to 1967.

That also compares with the 80 percent rate usually seen during a healthy economy. It stood at 80.6 percent when the recession began.

A 3.2 percent drop in mining output as oil and gas production fell, contributed to the overall decline, the Fed said. Utilities boosted their output 0.4 percent last month.

Manufacturing production fell 0.3 percent, as the factory operating rate dipped to 65.7 percent from 65.8 percent. That's the lowest on records dating to 1948.

Auto factories actually increased production 1.4 percent after cutting back sharply in January. But the increase isn't expected to continue as Chrysler LLC and General Motors Corp. are closing plants in May and June.

Manufacturers have been forced to reduce production as companies seek to clear stockpiles of unsold goods. The effort to reduce inventories also leads to fewer orders for new goods.

Businesses cut inventories 1 percent in March, the seventh straight decrease, the Commerce Department said Wednesday. Still, the reductions in stockpiles eventually should help businesses get their inventories more in line with reduced sales. If that occurs, any strengthening in consumer demand should lead to increased production.

Industrial production plummeted at a 19.2 percent annual rate in the first three months of this year, the Fed said, but some economists expect that pace to slow to less than 10 percent in the current quarter.

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The steep drops in the first quarter contributed to a 6.1 percent decline in gross domestic product, the broadest measure of the economy. Analysts expect a smaller decline of about 3 percent in the current quarter.

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