

# U.S. Industrial Output Rises But Factories Stay Weak

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WASHINGTON (AP) — U.S. industrial production increased only modestly in September, held back by weak growth in factory output.

The Federal Reserve said Tuesday that output at factories, mines and utilities rose 0.4 percent in September. That followed a 1.4 percent decline in August, which partly reflected precautionary shutdowns before Hurricane Isaac hit the Gulf Coast.

Factory output, the most important component of industrial production, edged up only 0.2 percent in September. And for the July-September quarter, factory output fell at an annual rate of 0.9 percent. That was the first quarterly decline since the spring of 2009, when the country was still in recession.

Manufacturing helped revive the U.S. economy after the Great Recession ended in June 2009. But it has weakened since the spring.

Slower global growth hurt demand for American exports. Many companies are also more cautious about investing. They are worried about pending tax increases and government spending cuts that could take effect in January if Congress fails to reach a deal and the economy goes over the "fiscal cliff."

Still, factory output grew in September, a hopeful sign after the sluggish summer. And a separate survey from the Institute for Supply Management also showed manufacturing activity expanded for the first time since May, buoyed by new orders and hiring.

A batch of recent data suggests consumers are gaining confidence in the economy, which could help lift factory output in the coming months.

Consumer sentiment rose to a five-year high in October, according to a survey by the University of Michigan. And Americans stepping up their spending at retail businesses in September for the second straight month, buying more cars and iPhones.

The job market is also looking a little better. The unemployment rate fell to 7.8 percent last month, the first time the rate has been below 8 percent since January 2009. And employers added an average of 146,000 jobs per month in the July-September quarter — double the average number created during the April-June quarter.

Still, job growth remains too weak to rapidly bring relief to the more than 12 million Americans who are unemployed.

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The economy remains the top issues for voters with just three weeks left before Election Day. It will be front and center Tuesday night when President Barack Obama and GOP challenger meet at New York's Hofstra University for the second of three debates.

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