Cars, Utilities Lift U.S. Industrial Output

Paul Wiseman, AP Economics Writer

WASHINGTON (AP) — U.S. industrial output rose in March as cold weather kept utilities busy generating heat and a surge in auto production helped offset broader weakness in manufacturing.

Production at the nation's factories, mines and utilities rose 0.4 percent in March from February, the Federal Reserve said.

Utility output rose 5.3 percent, as Americans had to use more heat during a colder-than-normal March.

And production of autos and auto parts surged 2.9 percent, the second [1]straight monthly gain. Auto production is up 10.2 percent over the past year. Car sales have risen steadily this year after reaching a five-year high in 2012.

Overall factory production slipped 0.1 percent, dragged down by falling metal production and clothing. Still, consumer goods climbed 1.1 percent, matching February's gain. And business equipment showed a slight increase.

For the January-March quarter, total industrial production as well as manufacturing are both up over 5 percent annualized, noted Jennifer Lee, senior economist at BMO Capital Markets

That's "the best reading in over a year," she said.

Still, recent reports from the nation's factories have been disappointing. The Federal Reserve Bank of New York reported Monday that manufacturing growth in the New York slowed this month. And a private survey from the Institute for Supply Management showed that manufacturing nationwide expanded more slowly in March than it did in February, held back by weaker growth in production and new orders.

The U.S. economy also shed 3,000 manufacturing jobs in March and factory employees worked fewer hours.

Output was slowed in March after U.S. factories saw less demand in February for long-lasting goods that signal business investment plans. Still, the decline followed a gain in January that was the biggest in nearly three years.

Analysts said that when averaging the two months, business investment orders showed a solid increase for the January-March quarter. That's among the reasons some are predicting growth could increase to around 3 percent in the first quarter, up from 0.4 percent in the previous three months.

Many predict growth will slow again in the April-June quarter, as the impact of higher Social Security taxes and government spending cuts begin to weigh on the economy. Both threaten to slow factory activity in the spring and summer.

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