Factory Output Rises Solid 0.6 Pct. In November

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WASHINGTON (AP) -- U.S. factories increased output in November for the fourth straight month, led by a surge in auto production. The gains show manufacturing is strengthening and could help boost economic growth.

The Federal Reserve says factory production rose 0.6 percent in November after a 0.5 percent gain in October. Production of motor vehicles and parts rose 3.4 percent, rebounding from a 1.3 percent decline in October.

Overall industrial production, which includes manufacturing, mining and utilities, increased 1.1 percent in November. That's also the fourth straight gain. Colder-than-average temperatures drove greater utility production.

Overall production for the first time surpassed the pre-recession peak set in December 2007, the month the Great Recession began. Output is now 21 percent above its recession low hit in June 2009, the month the downturn ended.

Cliff Waldman, senior economist for the Manufacturers Alliance for Productivity and Innovation, has offered some insight into the numbers: “The November report on industrial output gains adds to encouraging evidence of an improving economy. Total industrial production (which includes manufacturing, mining, and utilities) grew by a much stronger than expected 1.1 percent. The healthy 0.6 percent growth in manufacturing output adds to recent evidence that the factory sector is not only shaking its spring and summer doldrums but also that the recovery is broadening. Moderately strong recent activity in the nondurables sector, for so long a laggard, suggests that the factory recovery has more than one leg to stand on. This is nicely reinforced by a turnaround from the recent weakness in housing-related industries such as wood and furniture.

“The troubled policy and global climates are starting to show supportive signs of light,” he added. “The world growth picture is slowly becoming more balanced between strength and weakness. Good signs from two large economies, the United Kingdom and Japan, are certainly encouraging. The recovery picture in the Eurozone, by contrast, is still fraught with challenge, as is the recovery in large emerging market economies.

“While careful attention must be paid in the coming weeks, it looks as if the fiscal and monetary policy outlook in the U.S. will become slightly clearer, a boon to business investment,” Waldman concluded. “Under the weight of world and policy challenges, U.S. manufacturing growth is unlikely to boom in 2014. But for the first time in a long time, the balance between positive and negative risks is moving in a favorable direction.”

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