Factory output climbs in Dec.

Demand for cars helps boost US production

By Josh Boak
Associated Press

WASHINGTON — U.S. factory output rose for a fifth straight month in December as manufacturers cranked out more cars, appliances and processed food. The gains suggest factories gave economic growth a strong boost at the end of the year.

The Federal Reserve said Friday that factory production rose 0.4 percent in December. That follows gains of 0.6 percent in both November and October. Automakers increased production 1.8 percent last month and 10.4 percent year over year.

Higher consumer demand is driving much of the increased manufacturing activity. Production of appliances, furniture, carpeting, food and clothing all grew in December. Output of consumer goods gained 0.5 percent.

Overall industrial production, which includes manufacturing, mining and utilities, increased 0.3 percent in December. That's also the fifth straight monthly gain.

Total production increased 3.7 percent over the past 12 months and has surpassed its pre-recession peak. Output is now 22 percent above its recession low hit in June 2009, the month the downturn ended.

Other indicators point to continued manufacturing strength. Factory orders climbed 1.8 percent in November. A surge in aircraft demand led the increase in orders, while businesses stepped up spending on machinery, computers and other long-lasting goods.

And despite a slowdown in hiring last month across the broader economy, factories added jobs for the fifth straight month in December.

There are signs that the rate of growth for factory production could slow.

Automakers drove much of the improvement in industrial production through the end of last year, as motor vehicle sales jumped 8 percent to 15.6 million last year. However, many industry analysts expect the pace of buying to decline in 2014.