Higher factory output lifts hopes for improved economy

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WASHINGTON — U.S. factories renewed hopes that they can be an engine of economic growth by revving up production of big-ticket goods for consumers and businesses in October.

Overall production at the nation's factories, mines and utilities was unchanged last month — but that was only because of a sharp drop in utility output due to warmer-than-normal weather, the Federal Reserve reported.

The key manufacturing sector gained 0.5 percent last month, led by increased output of long-lasting goods such as autos, appliances and business equipment. The result was boosted by steel, machinery and chemical producers.

The Fed also revised September's factory production to a 0.1 percent gain. Earlier reports had said factory output fell by 0.2 percent that month, its first decline since the recession ended.

Factories are the largest component of industrial production. They helped lead the economy out of recession but have grown more slowly in recent months. October's solid gain eased fears that the manufacturing recovery could stall, weighing down the broader economy.