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New Escape SUVs roll off the line at Ford's Kansas City Assembly Plant in August.

Industrial production beats expectations in August

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WASHINGTON — U.S. factories made more cars, clothing and other goods than expected in August, and inflation remained in check in the early stages of a broad economic recovery.

The Federal Reserve said Wednesday that output at the nation's factories, mines and utilities rose 0.8 percent in August. Economists surveyed by Thomson Reuters expected a 0.6 percent increase. Last month's gain marked the second straight increase.

"The back-to-back gains in industrial production provide further evidence the recession ended around July," Joseph LaVorgna, chief U.S. economist at Deutsche Bank, wrote to clients.

Meanwhile, the Labor Department reported that the "core" Consumer Price Index, which excludes volatile food and energy prices, rose slightly over the 12 months ending in August. That is well within the Fed's comfort zone and means the central bank faces little pressure to raise its benchmark interest rate to control inflation.