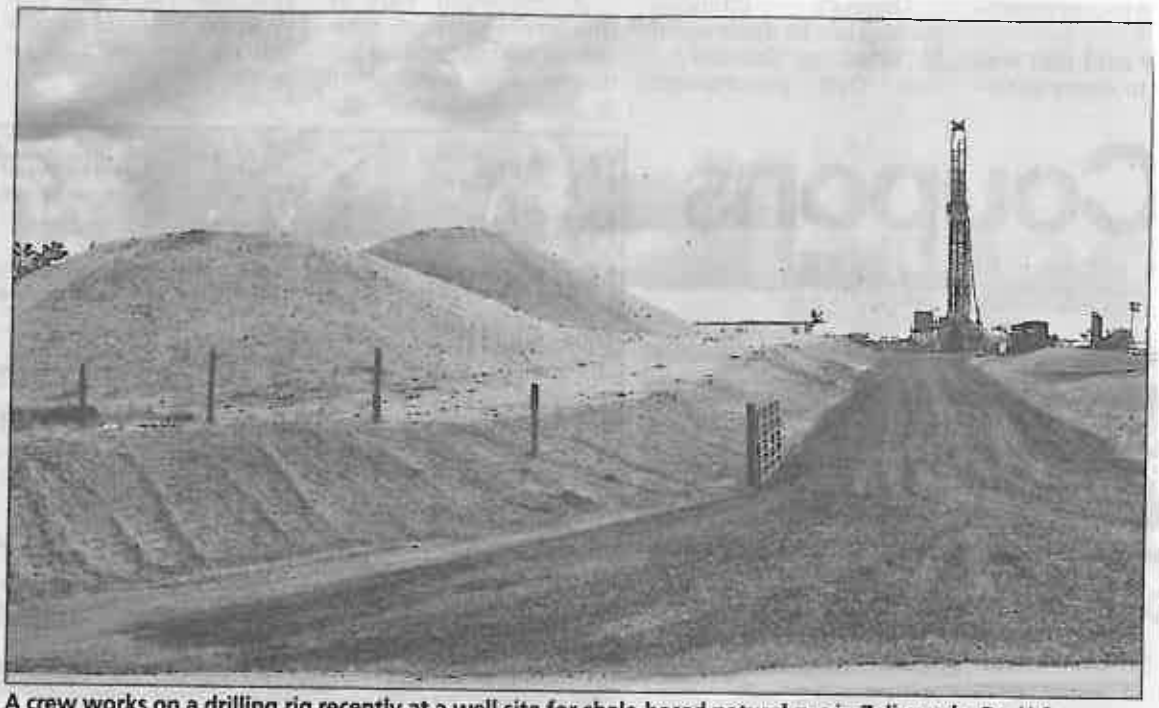


A crew works on a drilling rig recently at a well site for shale-based natural gas in Zelienople, Pa. U.S. industrial production rose in June with the help of increased mining and drilling activity. KEITH SRAKOCIC/AP

Industrial production bounces back in June

Factory output rises by 0.7 percent with help from machinery and auto production

Associated Press



Robots assemble a Tesla Model S at the Tesla factory in Fremont, Calif. Factories made more cars in June. PAUL SAKUMA/AP

WASHINGTON — U.S. industrial production rose in June as factories made more cars, machines and business equipment, the Federal Reserve said Tuesday.

Factory output rose 0.7 percent last month, after falling by the same amount in May, the Fed said. Factories produced more machines and vehicles used by businesses. Production of consumer goods edged higher. Auto production rebounded after its first decline in 2012.

Overall industrial production, which includes mining and utilities, rose 0.4 percent in June. Mining activity increased 0.7 percent, while utility output fell 1.9 percent.

June's strong results follow decreases in two of the past four months for the factory sector, which is a crucial contributor to economic expansion.

"The trend has downshifted," said Jim O'Sullivan, chief U.S. economist at High Frequency Economics. "I wouldn't extrapolate the rebound in June as a sign that momentum is picking up again." Factory growth slowed in the second quarter to an annual rate of 1.4 percent, after leaping 9.8 percent in the first quarter, O'Sullivan noted.

Other indicators of factory output also have weakened. A manufacturing survey by the Institute for Supply Management fell in June for the first time in nearly three years.