BUSINESS

U.S. factory output up again

5th straight month of growth a sign manufacturing boosting recovery

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WASHINGTON — U.S. factory output grew for the fifth straight month in November, adding to evidence that manufacturing remains an engine of economic growth.

The Federal Reserve said Wednesday that output by the nation's factories, utilities and mines increased 0.4 percent last month, after falling 0.2 percent in October.

Overall, industrial production has increased 9.8 percent since its low point of the recession in July 2009, according to Steven Wood, chief economist with Insight Economics LLC. But output is down 6.9 percent from its peak in September 2007.

Factories produced 0.3 percent more goods for consumers and businesses, after boosting output by the same amount a month earlier. The strongest factory gains came from big-ticket items expected to last for several years.

Factory output has recovered by 10.6 percent since its low point in June 2009, Wood said. He said it remains 9.1 percent below its peak in April 2007.

Paul Ashworth, chief U.S. economist at Capital Economics, said rising production of costly goods is an encouraging sign.

"In general, you think of durable goods as being a bit more discretionary for consumers. So this suggests there's a bit more confidence among producers, and consumers as well," he said.

Separately, the Labor Department reported that inflation remained tame with consumer prices barely increasing in November. Small increases in food and energy costs pushed the Consumer Price Index up 0.1 percent.

Excluding food and energy costs, core consumer prices rose 0.1 percent, the first increase in four months. In the past year, the core index rose 0.8 percent. That's slightly higher than October's 0.6 percent annual increase, which was the lowest since the index began in 1957.

Low prices are attracting consumers to stores and helping boost the economy. Retail sales in November rose 0.8 percent — the fifth straight monthly gain. Consumer spending accounts for 70 percent of economic activity.

Manufacturing is the largest single component of industrial production. It has been a bright spot through most of the recovery. November's report confirms that the sector remains strong.

Output by auto factories fell unexpectedly. Excluding motor vehicles and parts, factory production jumped in October by 0.7 percent.

All other categories of long-lasting durable goods posted increases. Business equipment, construction supplies and business supplies each grew 0.9 percent.

More big-ticket consumer items rolled off assembly lines.