U.S. Factory Output Up In November

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WASHINGTON (AP) — U.S. factories increased output in November for the fourth straight month, led by a surge in auto production. The gains show manufacturing is strengthening and could help boost economic growth at the end of the year.

Factory production rose 0.6 percent in November after a 0.5 percent gain in October, the Federal Reserve said Monday.

Production of motor vehicles and parts increased 3.4 percent, rebounding from a 1.3 percent decline in October. Factories also stepped up production of home electronics and chemical products.

Industrial production, which includes manufacturing, mining and utilities, rose 1.1 percent in November. It was the fourth straight gain.

Colder-than-average temperatures drove a 3.9 percent surge in utility production. Mining output jumped 1.7 percent to reverse a similar decline in October.

Overall production for the first time surpassed the pre-recession peak set in December 2007, the month the Great Recession began. Output is now 21 percent above its recession low hit in June 2009, the month the downturn ended.

The report of healthier output at U.S. factories helped drive a rally on Wall Street. The Dow Jones industrial average soared more than 160 points in the first hour of trading.

Paul Dales, senior U.S. economist at Capital Economics, said the gains in mining and utilities can be volatile. He noted that the best guide of the underlying trend is manufacturing output.

"It suggests that producers are benefiting from stronger demand at home and overseas," Dales said.

Factories are busier in part because overseas growth has picked up and the housing recovery has driven more demand for furniture and other wood products. Automakers are also having their best year for sales since the recession.

Separately, the Federal Reserve Bank of New York said manufacturing in the New York region grew for the sixth time in the past seven months, although the gains were only modest.

The solid gains at U.S. factories follow other positive signs for manufacturing last month.

A closely watched report from the Institute for Supply Management showed factory activity climbed in November at the fastest pace in 2 ½ years. Factories ramped up production, stepped up hiring and received orders at a healthy clip.

And the government's November employment report showed that factories added 27,000 jobs last month, the fourth straight month of gains and the most since March 2012.

The pickup at factories could help an economy that is starting to accelerate.

The U.S. economy grew at an annual rate of 3.6 percent in the July-September quarter. Nearly half of the growth came from a buildup in business stockpiles, which can be volatile.

Consumer spending slowed to the weakest pace since the end of the recession. But that was mostly because of a decline in utility spending. Spending on goods rose at the fastest pace since early 2012.

Companies could slow their inventory growth in the October-December quarter if they don't see enough demand from consumers. That would weigh on overall economic growth.

Many economists are predicting growth will slow to an annual rate of between 2 percent and 2.5 percent.

Still, a recent government report showed restocking rose in October at the fastest pace in nine months. At the same time, consumers stepped up spending at retail businesses in November. If those trends continue, growth could be stronger.