Industrial production in December

United States

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Industrial output showed resilience in 4Q25 amid trade uncertainty; Challenges persist into 2026 albeit with lower volatility

U.S. industrial production rose by 0.4% on a monthly basis in December, exceeding market forecasts of a 0.1% increase, driven by a spike (+2.4% m/m) in primary metals output that counterbalanced a decrease in motor vehicles and parts (-1.1% m/m) which fell for the fourth consecutive month. In the fourth quarter (4Q25), the industry posted a solid finish to 2025, expanding at an annualized rate of 0.7%, supported by gains in utilities and a modest improvement in non-durables and mining. However, other components softened relative to 3Q25. In particular, motor vehicles and parts contracted sharply at a 23.7% annualized rate over the 4Q25, reflecting weaker auto assemblies and normalization after the strong rebound observed in the 2Q25 (+21.4%).

This divergence suggests that while headline industrial activity remains resilient in 4Q25, sector-level dynamics point to a more uneven manufacturing landscape, with positive dynamism increasingly concentrated in high technology industries, rather than broad-based gains across durable goods. In 2026, a critical sector to pay attention to will be investments in artificial intelligence, which has stimulated economic activity and may enhance the manufacturing industry.

Figure 1. Evolution of the U.S. Industrial Production

	Annual Change		Shorter term change[1]	
Sector	**Monthly**	**Quarterly**	**m/m**	**q/q**
Manufacturing	**2.1%**	**2.2%**	**0.2%**	**-0.7%**
Durable	3.1%	3.5%	0.1%	-1.6%
Motor vehicles and parts	-2.8%	-3.3%	-1.1%	-23.7%
Nondurable	1.0%	0.9%	0.3%	0.3%
Mining	**1.7%**	**2.3%**	**-0.7%**	**0.2%**
Utilities	**2.3%**	**3.1%**	**2.6%**	**10.3%**
Total	**2.0%**	**2.2%**	**0.4%**	**0.7%**

Source: HR Ratings based on US Census Bureau and FRED data. Seasonally adjusted data.
[1] Month over month and quarter over immediately prior quarter annualized.

Manufacturing production increased by 0.2% month-over-month (m/m) following a revised growth of 0.3% in November. Manufacturing durable goods increased by 0.1% month-over-month due to advancements in six of the eleven subsectors. Aerospace and transportation equipment production increased by 1.5% month-over-month, electric equipment and appliances rose by 1.7% month-over-month, and primary metals expanded by 2.5% month-over-month. Conversely, motor vehicles and components experienced a decrease of 1.1% month-over-month. Non-durable goods increased by 0.3% month-over-month due to the rise in petroleum and coal products, chemicals, and plastics.

Mining production decreased by 0.7% in December. The mining operating rate declined by 0.5 percentage points to 85.7%, meanwhile the utilities operating rate increased by 1.6 percentage points to 72.3%. The utilities index rose by 2.6% in December due to a 12.0% increase in natural gas demand.

Over the last twelve months, industrial production increased by 1.30%, driven by durable goods manufacturing (+1.6%), although the decrease in motor vehicles and parts (-1.6%). The mining sector expanded by 1.7%, while utilities increased by 2.7%.

Tariff uncertainty continues to prevail. A U.S. Supreme Court decision about the validity of Trump's international tariffs imposed under the IEEPA (International Emergency Economic Powers Act) is still pending. The removal if these tariffs would lower input costs for manufacturers reliant on imported intermediate goods, potentially supporting margins and easing production costs. However, some analysts estimate that such ruling would mean that the U.S. government could owe as much as USD$200 billion in refunds to affected companies.

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