FEDERAL RESERVE statistical release

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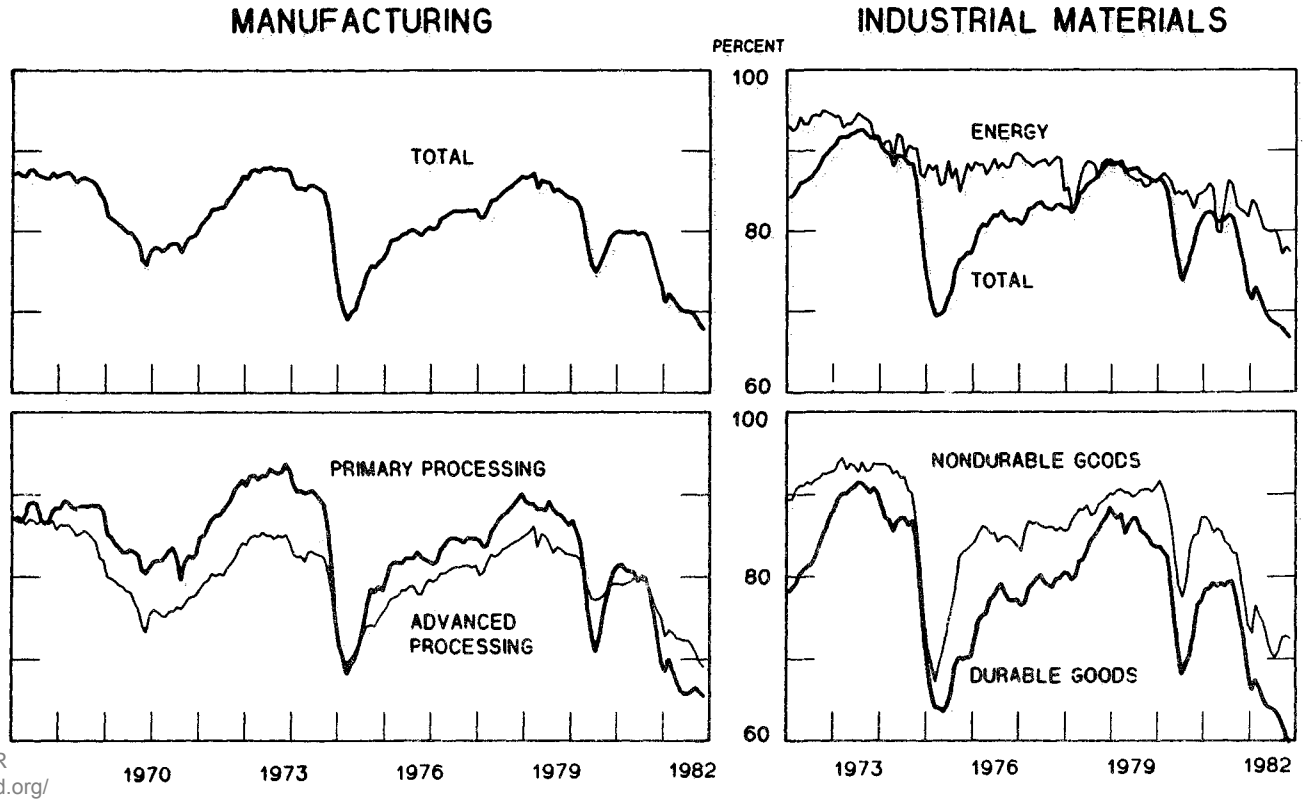
CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS
November 1982

Capacity utilization in manufacturing fell 0.5 of a percentage point in November to a postwar low of 67.8 percent. Producers of industrial materials operated at 66.7 percent of capacity, down 0.5 of a percentage point from the October rate to another series low.

Within manufacturing operating rates declined 0.5 of a percentage point in both the primary processing and the advanced processing industries, to 65.4 percent and 69.1 percent, respectively. After a relatively flat period during the summer, total manufacturing utilization has declined somewhat faster in recent months, mainly as a result of sizable production cutbacks by industries manufacturing business equipment, and autos and trucks. Capacity utilization in the iron and steel industry has continued to decline markedly in recent months, at about the same pace as in the summer.

The November operating rate for total materials was more than 2-1/2 percentage points below its low in March 1975. Producers of durable goods materials operated at 59.8 percent of capacity in November, down 0.8 of a percentage point since October, and 4.3 percentage points below the rate in March 1975. Although the operating rate for nondurable goods materials production decreased 0.3 of a percentage point in November to 72.5 percent, it remained well above its March 1975 cyclical low. The rate for energy materials production dropped 0.6 of a percentage point in November to 77.3 percent.



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OUTPUT, CAPACITY AND CAPACITY UTILIZATION

Output and Capacity are Percentages of 1967 Output; Capacity Utilization is a Per Cent of Capacity.
Seasonally Adjusted

Manufacturing

SERIES	1973 HIGH	1975 LOW	1981 NOV.	DEC.	1982 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.
	MONTHLY CAPACITY UTILIZATION														
MANUFACTURING, TOTAL	88.0	69.0	74.8	73.1	71.4	72.2	71.6	70.8	70.2	70.0	70.0	69.8	69.2	68.3	67.8
PRIMARY PROCESSING	93.8	68.2	72.7	69.6	68.5	70.0	68.6	67.2	66.1	65.7	65.7	66.1	66.5	65.9	65.4
ADVANCED PROCESSING	85.5	69.4	75.8	75.0	72.8	73.6	73.2	72.6	72.5	72.3	72.3	71.7	70.7	69.6	69.1

	OUTPUT 1981 III	IV	1982 I	II	III	CAPACITY 1981 III	IV	1982 I	II	III	UTILIZATION 1981 III	IV	1982 I	II	III
MANUFACTURING, TOTAL	152.5	145.0	139.8	138.1	137.7	192.4	193.9	195.2	196.4	197.7	79.3	74.8	71.6	70.3	69.7
PRIMARY PROCESSING	155.8	143.5	137.1	132.3	132.5	196.3	197.5	198.6	199.5	200.4	79.4	72.7	69.1	66.3	66.1
ADVANCED PROCESSING	150.7	145.8	141.6	141.2	140.5	190.4	192.0	193.5	194.9	196.2	79.2	75.9	73.2	72.5	71.6

Industrial Materials

SERIES	1973 HIGH	1975 LOW	1981 NOV.	DEC.	1982 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.
	MONTHLY CAPACITY UTILIZATION														
MATERIALS, TOTAL	92.6	69.4	75.5	72.4	71.4	72.9	71.8	70.5	69.4	68.8	68.5	68.2	67.8	67.2	66.7
DURABLE GOODS MATERIALS	91.5	63.6	72.2	68.5	66.2	67.4	66.4	65.0	64.2	64.0	63.7	63.1	62.1	60.6	59.8
METAL MATERIALS	98.3	68.6	70.8	65.5	65.8	64.7	61.1	56.2	53.9	52.2	50.7	51.2	51.9	50.4	
NONDURABLE GOODS MATERIALS	94.5	67.2	77.3	74.1	73.2	76.5	75.3	74.4	72.5	70.9	70.2	71.0	72.7	72.8	72.5
TEX., PAPER, & CHEM. MAT.	95.1	65.3	75.9	72.2	70.7	74.4	73.7	72.5	70.6	68.8	68.0	68.9	70.5	70.9	70.7
TEXTILE MATERIALS	92.6	57.9	75.5	72.0	68.6	71.9	73.5	73.4	71.5	69.6	69.8	72.3	72.6	74.3	
PAPER MATERIALS	99.4	72.4	92.3	86.5	87.6	90.7	89.4	87.4	86.1	85.3	86.0	88.6	89.3	89.7	
CHEMICAL MATERIALS	95.5	64.2	72.4	69.0	67.4	71.3	70.2	69.0	66.9	65.0	63.7	63.9	65.9	66.0	
ENERGY MATERIALS	94.6	84.8	82.2	81.6	83.7	83.2	81.8	80.2	79.9	79.8	80.0	79.0	77.0	77.9	77.3

	OUTPUT 1981 III	IV	1982 I	II	III	CAPACITY 1981 III	IV	1982 I	II	III	UTILIZATION 1981 III	IV	1982 I	II	III
MATERIALS, TOTAL	154.3	144.0	138.7	134.7	132.7	190.3	191.5	192.6	193.7	194.6	81.1	75.2	72.0	69.6	68.2
DURABLE GOODS MATERIALS	152.8	140.2	130.9	127.1	124.8	194.2	195.3	196.4	197.3	198.3	78.7	71.8	66.7	64.4	63.0
METAL MATERIALS	114.2	99.5	90.9	77.0	73.0	141.9	142.1	142.3	142.4	142.3	80.5	70.4	63.9	54.1	51.3
NONDURABLE GOODS MATERIALS	175.8	164.5	161.0	156.8	155.0	211.2	213.1	214.6	216.1	217.4	83.3	77.2	75.0	72.6	71.3
TEX., PAPER, & CHEM. MAT.	182.8	169.4	164.5	160.5	158.2	221.7	223.9	225.6	227.3	228.8	82.5	75.7	72.9	70.6	69.2
TEXTILE MATERIALS	115.5	106.8	101.3	101.8	102.2	141.0	141.6	142.1	142.4	142.8	81.8	75.4	71.3	71.5	71.5
PAPER MATERIALS	152.2	147.0	146.1	142.0	145.6	161.9	162.8	163.8	164.6	165.4	94.1	90.3	89.2	86.3	88.0
CHEMICAL MATERIALS	224.9	206.2	200.0	194.0	188.3	281.0	284.4	287.3	289.6	291.9	80.0	72.5	69.6	67.0	64.5
ENERGY MATERIALS	131.6	127.9	129.8	125.5	124.0	155.0	155.8	156.5	157.0	157.6	84.9	82.1	82.9	79.9	78.7

NOTE: ESTIMATES OF ACTUAL OUTPUT AND CAPACITY OUTPUT ARE BOTH EXPRESSED AS PERCENTAGES OF 1967 ACTUAL OUTPUT. ESTIMATES OF CAPACITY UTILIZATION IN PERCENT ARE CALCULATED AS RATIOS OF (1) THE FEDERAL RESERVE'S SEASONALLY ADJUSTED INDEXES OF INDUSTRIAL PRODUCTION TO (2) THE CORRESPONDING INDEXES OF CAPACITY. INDUSTRIAL MATERIALS ARE ITEMS BOTH PRODUCED AND USED AS INPUTS BY MANUFACTURING PLANTS, MINES AND UTILITIES; INDUSTRIAL MATERIALS COVER MANY OF THE ITEMS REPRESENTED IN THE PRIMARY PROCESSING GROUPING OF MANUFACTURING AS WELL AS SOME OF THE OUTPUT OF MINES AND UTILITIES -- SUCH AS IRON ORE, CRUDE OIL, AND ELECTRICITY SOLD TO INDUSTRY.

THE 1973 HIGHS AND 1975 LOWS IN CAPACITY UTILIZATION, SHOWN IN THE TABLES ABOVE, ARE SPECIFIC TO EACH SERIES AND MAY OCCUR IN DIFFERENT MONTHS. INDUSTRIAL PLANTS USUALLY OPERATE AT CAPACITY UTILIZATION RATES THAT ARE WELL BELOW 100 PERCENT; NONE OF THE BROAD AGGREGATE SERIES HAS EVER INDICATED A 100 PERCENT USE OF CAPACITY. CAPACITY UTILIZATION RATES AVERAGED ABOUT 83 PERCENT FOR MANUFACTURING FROM 1955 THROUGH 1979, AND ABOUT 85 PERCENT FOR INDUSTRIAL MATERIALS FOR 1967 THROUGH 1979. IN MANUFACTURING AS A WHOLE, UTILIZATION RATES AS HIGH AS 90 PERCENT HAVE BEEN EXCEEDED ONLY IN WARTIME. THE PEAK RATES OF UTILIZATION IN 1973 WERE ASSOCIATED WITH SIGNIFICANT UPWARD PRESSURE ON PRICES.

THE METHODOLOGY AND THE SERIES ARE DESCRIBED IN FEDERAL RESERVE MEASURES OF CAPACITY AND CAPACITY UTILIZATION. REVISED DATA ARE FOUND IN "CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS, JANUARY 1967--DECEMBER 1978." BOTH PUBLICATIONS MAY BE OBTAINED FROM PUBLICATIONS SERVICES, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, WASHINGTON, D.C. 20551

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