

S. Plant and Equipment Expenditures by Business

JOINT STATISTICAL REPORT

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BUSINESS FORESEES CONTINUED ADVANCE IN CAPITAL SPENDING IN FIRST HALF OF 1970

Business expenditures for new plant and equipment are expected to rise in the current quarter and during the first half of 1970, according to the survey conducted between mid-October and late November by the Department of Commerce and the Securities and Exchange Commission. Actual outlays in the third quarter of 1969 were at a seasonally adjusted annual rate of \$72.5 billion, and investment for the final 3 months is projected at \$73.3 billion. For the first half of 1970, businessmen anticipate fixed investment outlays of \$77-1/2 billion; if realized, this would be 6 percent above projected spending for the second half of 1969 and 11 percent above the first half.

Actual third quarter outlays about matched the projection in the survey conducted last August, but projected fourth quarter spending has been raised about 1-1/2 percent since the summer. Based on the most recent survey, capital expenditures for the full year 1969 are expected to total \$71.2 billion, 11 percent above 1968. This is about one-half of 1 percent higher than the August projection, but 3 percent lower than the anticipation in February of this year.

The following table presents actual expenditures for the first three quarters of 1969 and scheduled outlays for the ensuing three quarters, at annual rates. All figures in the text of this release are seasonally adjusted.

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(Billions of dollars)

	1969				1970	
	1st Qtr.	2nd Qtr.	3rs Qtr.	4th Qtr. <u>1/</u>	1st Qtr. <u>1/</u>	2nd Qtr. <u>1/</u>
All industries	68.90	70.20	72.45	73.30	76.85	78.25
Manufacturing	28.20	29.30	30.55	30.50	31.15	31.90
Durable goods	15.00	15.35	15.60	15.40	15.75	16.30
Nondurable goods	13.20	13.95	14.95	15.15	15.40	15.60
Nonmanufacturing	40.70	40.90	41.95	42.80	45.70	46.30

1/ Anticipated.

The planned increase in capital spending from the last half of 1969 to the first half of 1970 is attributable primarily to the nonmanufacturing sector, which expects to step up fixed investment by 9 percent. Public utilities report they will spend 13 percent more, with most of the rise occurring in the electric power industry. Substantial increases are also programed by other nonmanufacturing groups: communications, 11 percent; mining, 10 percent; and commercial firms, 6 percent.

Manufacturers anticipate a 3 percent rise in outlays in the first 6 months of next year. Producers of stone, clay and glass products expect to boost investment nearly 20 percent; electrical machinery firms, 11 percent. Increases ranging between 5 percent and 7 percent are scheduled by the chemical, petroleum, and nonelectrical machinery industries. On the other hand, transportation equipment producers are planning to scale down their outlays 8 percent and textile firms, 9 percent.

Comparisons of annual investment programs

Manufacturers' expenditures for new plant and equipment in 1969 are expected to total \$29.7 billion, 12 percent above 1968. For durable goods producers, the increase is now estimated at 13-1/2 percent, and for the nondurable goods group, 11 percent. With the exception of primary iron and steel, all major manufacturing industries have reported substantial advances in 1969 investment over last year. Topping the list are stone, clay and glass products, with an estimated 46 percent spurt, and motor vehicles and paper, with gains of 23 percent each. Increases ranging between 15 and 20 percent are reported by the machinery, textile, and food-beverage producers.

The nonmanufacturing sector expects to show a 10 percent rise over 1968. By industry, the estimated increases are: communications, more than 20 percent; public utilities, 13 percent, with most of the rise by electric companies; mining, 14 percent; railroads, about 12 percent; and commercial firms, 5 percent. In the nonrail transportation category, increases in investment by water and motor freight carriers are offset by declines for oil pipeline and airline companies.

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A comparison of preliminary totals for 1969 with actual investment in 1968 and 1967 is shown in the following table:

	Actual 1967	Actual 1968	Preliminary 1969	Percent 1967 to 1968	Change 1968 to 1969
	(Billions of dollars)				
All industries	61.66	64.08	71.25	3.9	11.2
Manufacturing	26.69	26.44	29.69	-.9	12.3
Durable goods	13.70	13.51	15.34	-1.4	13.5
Nondurable goods	13.00	12.93	14.35	-.5	11.0
Nonmanufacturing	34.97	37.64	41.55	7.6	10.4
Mining	1.42	1.42	1.61	-.6	13.8
Railroad	1.53	1.34	1.49	-13.0	11.8
Transportation other than rail	3.88	4.31	4.29	11.3	-.4
Public utilities	9.88	11.54	13.06	16.7	13.3
Communications	5.91	6.36	7.75	7.6	21.8
Commercial and other	12.34	12.67	13.34	2.7	5.3

Starts and carryover of projects

Third quarter starts of new investment projects by manufacturers continued the uptrend which began early this year. At \$8.1 billion, starts were up 1-1/2 percent from the preceding quarter, and 4 percent from the third quarter of 1968. With third quarter capital expenditures below the value of starts, the carryover of investment projects rose \$500 million to \$21.8 billion on September 30.

Starts in durables increased 2 percent and in nondurables, 1 percent in the third quarter. The bulk of the rise in carryover occurred in the durables. Within the manufacturing sector, strong increases in starts by primary metal, paper, and chemical companies more than offset declines in other major industries.

Third quarter starts of new projects by public utility companies totaled \$6 billion, almost double the volume in the previous quarter and in the third quarter 1968. Carryover at the end of September amounted to \$21.7 billion, up \$2.7 billion from June.

Coverage of report

The analysis of plant and equipment expenditures is based on estimates by nonagricultural industry groups presented in the attached tables. The basic data are derived from reports submitted by corporations registered with the Securities and Exchange Commission; by transportation companies under Interstate Commerce Commission jurisdiction; and from a large sample of non-registered companies, unincorporated as well as corporate, reporting to the Department of Commerce. The estimates presented are universe totals of expenditures for new plant and equipment in the United States based on the sample data. They are compiled from reports on a company basis and not from separate reports for plants or establishments. The entire company's capital expenditures are assigned to a single industry in accordance with the industry classification of the company's principal products.

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Further statistical detail is provided in the attached tables.

Additional discussion of the subject will appear in the December issue of the Survey of Current Business.

The Survey is available from field offices of the Department of Commerce, or from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, at an annual subscription price of \$9.00, including weekly supplements; single copy, \$1.

Table 1

Expenditures for New Plant and Equipment by U.S. Business, ^{1/} Quarterly 1967-70
Seasonally Adjusted Annual Rates

(Billions of dollars)

	1967				1968				1969				1970
	I	II	III	IV	I	II	III	IV	I	II	III	IV <u>2/</u>	I <u>2/</u>
ALL INDUSTRIES.....	61.65	61.50	60.90	62.70	64.75	62.60	63.20	65.90	68.90	70.20	72.45	73.30	76.85
Manufacturing industries.....	27.85	27.00	26.15	26.00	26.35	25.80	26.65	26.85	28.20	29.30	30.55	30.50	31.15
Durable goods industries.....	14.20	13.75	13.50	13.50	13.65	12.80	13.65	13.90	15.00	15.35	15.60	15.40	15.75
Primary iron and steel.....	2.35	2.35	2.25	2.30	2.35	2.25	2.45	2.35	2.45	2.25	2.15	2.10	2.15
Primary nonferrous metal.....	.90	.90	.95	.85	.90	.85	.95	.95	.95	1.00	1.05	1.10	1.00
Electrical machinery and equipment....	1.25	1.20	1.25	1.25	1.25	1.30	1.25	1.30	1.35	1.45	1.45	1.50	1.55
Machinery, except electrical.....	3.15	3.15	3.00	2.60	2.95	2.60	2.75	2.75	3.00	3.10	3.40	3.30	3.40
Motor vehicles and parts.....	1.80	1.70	1.55	1.60	1.60	1.35	1.45	1.45	1.70	1.70	1.95	1.85	1.75
Transportation equipment, excluding motor vehicles.....	1.10	1.05	1.10	1.15	1.00	.95	1.05	1.00	1.15	1.10	1.15	.95	1.05
Stone, clay, and glass.....	.90	.70	.65	.65	.60	.70	.70	.80	1.05	1.15	.95	1.05	1.20
Other durable goods <u>3/</u>	2.70	2.65	2.80	3.15	2.95	2.85	3.00	3.25	3.40	3.60	3.50	3.60	3.65
Nondurable goods industries.....	13.70	13.25	12.65	12.55	12.70	13.00	13.05	12.95	13.20	13.95	14.95	15.15	15.40
Food and beverage.....	1.45	1.45	1.40	1.35	1.30	1.40	1.50	1.40	1.55	1.55	1.65	1.75	1.80
Textile.....	.95	.90	.85	.85	.80	.75	.75	.75	.85	.90	1.00	.85	.85
Paper.....	1.90	1.70	1.65	1.40	1.45	1.55	1.35	1.50	1.60	1.75	1.80	2.00	1.80
Chemical.....	3.20	3.00	2.85	2.55	2.75	2.85	2.65	2.60	2.90	2.85	3.05	3.15	3.30
Petroleum.....	4.65	4.70	4.45	4.75	4.85	4.70	4.95	4.95	4.70	5.05	5.55	5.60	5.80
Rubber.....	.50	.50	.45	.50	.55	.60	.65	.70	.65	.65	.70	.70	.65
Other nondurable goods <u>4/</u>	1.05	1.00	1.05	1.10	1.05	1.10	1.10	1.10	1.00	1.15	1.15	1.10	1.20
Nonmanufacturing industries.....	33.80	34.50	34.70	36.70	38.40	36.80	36.50	39.00	40.70	40.90	41.95	42.80	45.70
Mining.....	1.40	1.30	1.45	1.50	1.55	1.40	1.35	1.35	1.55	1.65	1.60	1.65	1.70
Railroad.....	1.80	1.55	1.40	1.40	1.65	1.40	1.20	1.15	1.35	1.35	1.70	1.60	1.65
Transportation, other than rail.....	3.05	3.90	4.10	4.45	4.35	3.65	4.60	4.80	4.80	4.00	3.95	4.55	4.70
Public utilities.....	9.20	9.70	9.80	10.65	11.60	11.65	10.90	12.00	13.05	13.20	13.00	13.10	14.55
Communication.....	5.75	5.80	6.05	6.05	6.35	5.90	6.15	6.95	7.25	7.40	8.15	21.85	23.10
Commercial and other <u>5/</u>	12.55	12.25	11.95	12.65	12.85	12.80	12.35	12.75	12.75	13.30	13.60		

1. Data exclude expenditures of agricultural business and outlays charged to current account.

2. Estimates are based on anticipated capital expenditures reported by business in late October and November 1969. The estimates for the fourth quarter of 1969 and first quarter of 1970 have been adjusted when necessary for systematic tendencies in anticipatory data.

3. Includes fabricated metal, lumber, furniture, instrument, ordnance, and miscellaneous industries.

4. Includes apparel, tobacco, leather, and printing-publishing.

5. Includes trade, service, finance, and construction.

NOTE: Details may not add to totals because of rounding.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

Table 2

Expenditures for New Plant and Equipment by U.S. Business^{1/}, 1967-70

(Billions of dollars)

	1967				1968				1969				1970			
	1967	1968	1969 ^{2/}	I	II	III	IV	I	II	III	IV	I	II	III	IV ^{2/}	I ^{2/}
ALL INDUSTRIES.....	61.66	64.08	71.25	13.59	15.61	15.40	17.05	14.25	15.86	16.02	17.95	15.21	17.73	18.22	20.09	17.04
Manufacturing industries.....	26.69	26.44	29.69	6.10	6.81	6.48	7.30	5.79	6.50	6.63	7.52	6.21	7.35	7.58	8.56	6.88
Durable goods industries.....	13.70	13.51	15.34	3.08	3.46	3.33	3.82	2.96	3.22	3.37	3.95	3.26	3.83	3.86	4.39	3.44
Primary iron and steel.....	2.31	2.36	2.21	.48	.58	.56	.69	.49	.55	.62	.71	.50	.56	.54	.61	.45
Primary nonferrous metal.....	.90	.90	1.02	.20	.23	.23	.24	.20	.21	.23	.27	.21	.25	.25	.30	.23
Electrical machinery and equipment..	1.24	1.27	1.43	.27	.30	.30	.37	.27	.31	.31	.38	.28	.35	.35	.46	.33
Machinery, except electrical.....	2.95	2.76	3.21	.70	.78	.71	.76	.66	.64	.65	.80	.67	.78	.81	.96	.76
Motor vehicles and parts.....	1.66	1.46	1.80	.38	.45	.41	.42	.34	.36	.38	.38	.37	.44	.50	.49	.38
Transportation equipment, excluding motor vehicles.....	1.09	1.01	1.09	.24	.26	.27	.32	.21	.24	.26	.29	.24	.28	.30	.27	.22
Stone, clay, and glass.....	.73	.71	1.05	.20	.18	.16	.18	.14	.18	.18	.22	.23	.29	.24	.29	.27
Other durable goods ^{3/}	2.83	3.03	3.52	.61	.68	.69	.85	.66	.72	.75	.91	.75	.89	.87	1.02	.80
Nondurable goods industries.....	13.00	12.93	14.35	3.02	3.34	3.15	3.48	2.82	3.28	3.25	3.57	2.95	3.52	3.72	4.16	3.44
Food and beverage.....	1.41	1.41	1.63	.33	.39	.35	.34	.30	.38	.38	.35	.35	.42	.42	.44	.41
Textile.....	.89	.75	.89	.21	.23	.22	.23	.17	.19	.19	.20	.18	.23	.25	.23	.18
Paper.....	1.64	1.47	1.80	.40	.42	.42	.40	.32	.39	.35	.40	.35	.44	.46	.54	.40
Chemical.....	2.88	2.69	3.00	.70	.76	.69	.72	.61	.72	.64	.72	.64	.74	.74	.88	.73
Petroleum.....	4.65	4.87	5.25	1.02	1.17	1.11	1.35	1.07	1.17	1.24	1.40	1.05	1.23	1.39	1.58	1.29
Rubber.....	.49	.62	.68	.11	.13	.12	.14	.12	.15	.17	.19	.15	.17	.18	.19	.15
Other nondurable goods ^{4/}	1.04	1.11	1.11	.24	.25	.26	.30	.24	.28	.28	.31	.22	.28	.30	.31	.27
Nonmanufacturing industries.....	34.97	37.64	41.55	7.49	8.80	8.92	9.75	8.46	9.36	9.39	10.43	9.00	10.38	10.64	11.54	10.16
Mining.....	1.42	1.42	1.61	.32	.34	.37	.39	.36	.36	.34	.35	.36	.41	.40	.44	.40
Railroad.....	1.53	1.34	1.49	.41	.41	.35	.36	.37	.36	.30	.30	.32	.35	.40	.42	.39
Transportation, other than rail.....	3.88	4.31	4.29	.70	1.12	.98	1.07	.98	1.04	1.12	1.18	1.06	1.14	.96	1.13	1.04
Public utilities.....	9.88	11.54	13.06	1.84	2.46	2.66	2.92	2.33	2.97	2.96	3.28	2.66	3.38	3.44	3.59	3.01
Communication.....	5.91	6.36	7.75	1.35	1.49	1.46	1.62	1.48	1.51	1.50	1.86	1.68	1.86	1.96	5.96	5.32
Commercial and other ^{5/}	12.34	12.67	13.34	2.87	2.99	3.09	3.39	2.93	3.11	3.18	3.46	2.91	3.23	3.48		

1. Data exclude expenditures of agricultural business and outlays charged to current account.

2. Estimates are based on anticipated capital expenditures reported by business in late October and November 1969. The estimates for the fourth quarter of 1969 and first quarter 1970 have been adjusted when necessary for systematic tendencies in anticipatory data.

3. Includes fabricated metal, lumber, furniture, instrument, ordnance, and miscellaneous industries.

4. Includes apparel, tobacco, leather, and printing-publishing.

5. Includes trade, service, finance, and construction.

NOTE: Details may not add to totals because of rounding. Data for earlier years were published in June 1956, March 1958, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, and 1969 issues of the Survey.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

Table 3.--Starts and Carryover of Plant and Equipment Projects, Manufacturing and Public Utilities--1966-1969

[Billions of dollars]

	Starts ^{1/}									Carryover ^{2/}							
	Annual			1968				1969			1968				1969		
	1966	1967	1968	I	II	III	IV	I	II	III	March	June	Sept.	Dec.	March	June	Sept.
Manufacturing.....	28.79	25.49	27.68	6.51	6.64	6.97	7.56	7.74	8.01	7.31	18.24	18.38	18.72	18.75	20.28	20.94	20.68
Durable goods ^{3/}	16.17	12.69	13.99	3.26	3.39	3.40	3.94	3.86	4.12	3.78	10.72	10.89	10.92	10.90	11.50	11.80	11.72
Primary metals.....	3.98	2.65	3.15	.84	.64	.90	.77	.68	.67	.77	4.08	3.96	4.02	3.81	3.78	3.64	3.62
Electrical machinery.....	1.50	1.24	1.35	.30	.41	.24	.40	.42	.51	.54	1.00	1.10	1.04	1.06	1.19	1.36	1.55
Machinery except electrical..	3.10	3.02	2.68	.63	.59	.60	.86	.87	.90	.74	1.05	1.00	.95	1.01	1.20	1.33	1.26
Transportation equipment.....	3.22	2.24	2.90	.67	.70	.78	.76	.73	.88	.73	2.72	2.82	2.95	3.04	3.15	3.31	3.24
Stone, clay, and glass.....	.83	.58	.96	.18	.31	.22	.24	.32	.32	.18	.32	.45	.50	.52	.61	.64	.58
Nondurable goods ^{3/}	12.62	12.80	13.69	3.25	3.25	3.56	3.62	3.88	3.88	3.53	7.52	7.49	7.80	7.85	8.78	9.15	8.95
Food and beverage.....	1.29	1.46	1.48	.32	.46	.36	.34	.42	.57	.41	.77	.85	.83	.82	.89	1.03	1.03
Textile.....	1.11	.78	.86	.14	.19	.26	.27	.20	.29	.18	.37	.37	.44	.51	.53	.59	.52
Paper.....	1.33	1.61	1.78	.65	.46	.26	.40	.52	.39	.47	1.11	1.18	1.09	1.09	1.25	1.20	1.21
Chemical.....	3.37	2.46	2.85	.68	.74	.65	.78	.78	.96	.95	1.92	1.95	1.95	2.01	2.15	2.37	2.58
Petroleum.....	3.91	4.92	4.97	1.05	1.02	1.60	1.31	1.50	1.21	1.06	2.64	2.48	2.84	2.75	3.21	3.18	2.85
Public utilities.....	10.68	13.92	14.63	4.62	3.41	2.23	4.38	5.89	2.88	4.19	16.62	17.07	16.34	17.44	20.67	20.17	20.93
	Seasonally adjusted																
Manufacturing.....				6.58	6.59	7.80	7.16	7.89	7.98	8.11	18.08	18.22	19.35	19.79	20.63	21.28	21.76
Durable goods.....				3.27	3.44	4.00	3.66	3.96	4.26	4.34	10.70	10.93	11.52	11.70	11.91	12.33	12.78
Nondurable goods.....				3.31	3.15	3.80	3.50	3.93	3.72	3.77	7.38	7.29	7.83	8.09	8.71	8.95	8.99
Public utilities.....				3.26	3.92	3.04	4.48	4.22	3.10	5.97	15.43	16.43	16.75	18.23	19.19	18.99	21.72

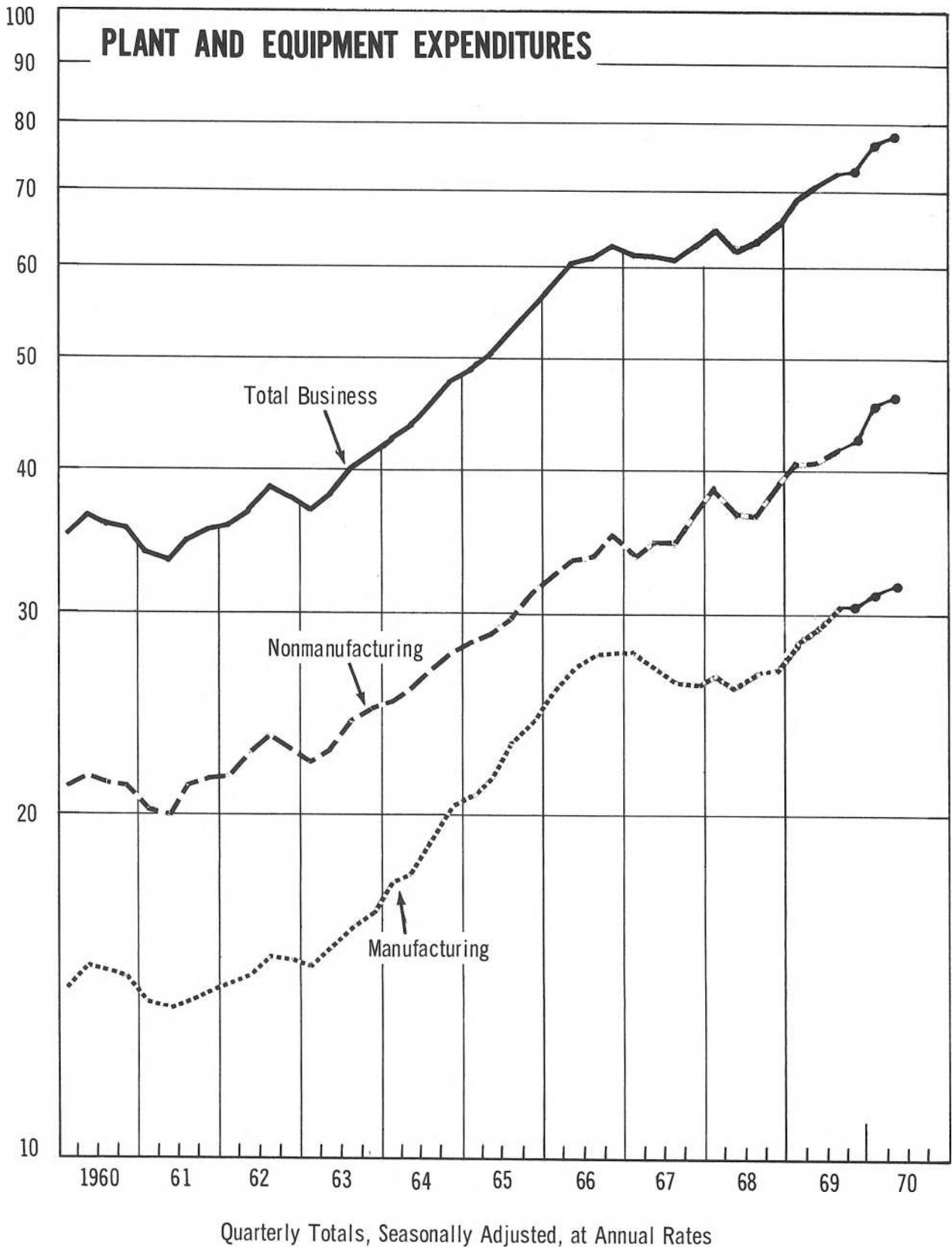
1. Starts are estimated by adding changes in carryover to expenditures during the given period.

2. Carryover refers to expenditures yet to be incurred on plant and equipment projects already underway at end of period.

3. Includes industries not shown separately.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

Billion \$ (ratio scale)



• Anticipated

Data: OBE-SEC