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MANUFACTURING CAPACITY UTILIZATION
UNCHANGED IN DECEMBER 1975

Manufacturers utilized 79 percent of their capacity in December 1975, the same as in September, according to the survey conducted in late January and February by the Bureau of Economic Analysis of the U.S. Department of Commerce. The December rate is 4 points above the March and June rate, but 7 points below the peak of March and June 1973.

Most of the durables industries reported decreases for December while most of the nondurables industries reported increases.

Motor vehicles declined 6 points to 87 percent in December, as producers held output down to keep inventories in balance; this industry had shown a 13-point rise from June to September. Primary metals declined 5 points, to 69 percent in December, the same as their June rate. Non-electrical machinery declined 3 points in December and stone-clay-glass, 2 points. Electrical machinery increased 2 points, to 75 percent.

In nondurables, paper reported a 4-point increase for December, to 85 percent; this followed a 5-point increase from June to September; the paper industry was among those most affected by inventory liquidation early in the year. Rubber and chemicals reported increases of 3 points in their December utilization rates. Textiles reported a 2-point increase while food-beverage reported a 1-point decline. The rate for petroleum remained at 91 percent in December.

The utilization rate reported by large firms (assets of \$100 million and over) was 80 percent, unchanged from September. The rate for medium-sized firms declined 1 point, to 76 percent, while that for small firms rose 1 point, to 74 percent. The December rates were unchanged for primary-processed goods industries (78 percent) and for advanced-processed goods industries (79 percent).

Capacity utilization rates have been adjusted for seasonal variation.

The survey--conducted quarterly--asks manufacturers for actual and preferred rates of capacity utilization for the last month of each quarter.

Additional discussion will appear in the March issue of the Survey of Current Business, published monthly by the Bureau of Economic Analysis.

The Survey is available from most District 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 \$48.30, including weekly supplements.

NOTE: The conceptual basis and methodology of the program to measure the utilization of manufacturing capacity is described in "The Utilization of Manufacturing Capacity, 1965-73," Survey of Current Business, July 1974, pp. 47-57.

Manufacturers' Capacity Utilization Rates,
March 1974 to December 1975
(Seasonally Adjusted)

| Industry and asset size | Operating rates (percent) | | | | | | | |
|--|---------------------------|------|-------|------|-------|------|-------|------|
| | 1974 | | | | 1975 | | | |
| | March | June | Sept. | Dec. | March | June | Sept. | Dec. |
| All manufacturers..... | 84 | 84 | 84 | 78 | 75 | 75 | 79 | 79 |
| Asset size: | | | | | | | | |
| \$100.0 million and over..... | 86 | 87 | 87 | 80 | 77 | 76 | 80 | 80 |
| \$10.0 to \$99.9 million..... | 83 | 83 | 81 | 75 | 73 | 75 | 77 | 76 |
| Under \$10.0 million..... | 80 | 79 | 77 | 72 | 70 | 72 | 73 | 74 |
| Durable goods <u>1/</u> | 83 | 84 | 84 | 76 | 74 | 73 | 78 | 77 |
| Asset size: | | | | | | | | |
| \$100.0 million and over..... | 85 | 85 | 87 | 79 | 77 | 75 | 80 | 78 |
| \$10.0 to \$99.9 million..... | 82 | 83 | 82 | 75 | 72 | 71 | 74 | 73 |
| Under \$10.0 million..... | 78 | 77 | 76 | 68 | 66 | 67 | 70 | 70 |
| Primary metals..... | 89 | 90 | 90 | 82 | 79 | 69 | 74 | 69 |
| Electrical machinery..... | 84 | 85 | 83 | 78 | 73 | 71 | 73 | 75 |
| Machinery, except electrical..... | 89 | 88 | 89 | 87 | 84 | 82 | 84 | 81 |
| Transportation equipment <u>2/</u> | 77 | 80 | 83 | 71 | 71 | 73 | 81 | 78 |
| Motor vehicles..... | 83 | 87 | 92 | 70 | 73 | 80 | 93 | 87 |
| Aircraft..... | 71 | 69 | 71 | 72 | 68 | 64 | 65 | 64 |
| Stone, clay, and glass..... | 84 | 81 | 81 | 70 | 68 | 67 | 74 | 72 |
| Nondurable goods <u>3/</u> | 85 | 85 | 84 | 80 | 76 | 78 | 80 | 81 |
| Asset size: | | | | | | | | |
| \$100.0 million and over..... | 88 | 88 | 87 | 83 | 77 | 79 | 81 | 83 |
| \$10.0 to \$99.9 million..... | 83 | 82 | 80 | 76 | 75 | 78 | 80 | 79 |
| Under \$10.0 million..... | 82 | 80 | 78 | 75 | 74 | 77 | 76 | 77 |
| Food including beverage..... | 82 | 81 | 79 | 77 | 77 | 79 | 77 | 76 |
| Textiles..... | 87 | 87 | 80 | 69 | 69 | 76 | 83 | 85 |
| Paper..... | 93 | 93 | 94 | 84 | 74 | 76 | 81 | 85 |
| Chemicals..... | 85 | 86 | 86 | 81 | 72 | 72 | 75 | 78 |
| Petroleum..... | 86 | 92 | 89 | 90 | 87 | 87 | 91 | 91 |
| Rubber..... | 89 | 88 | 86 | 77 | 65 | 74 | 78 | 81 |
| Primary-processed goods <u>4/</u> | 87 | 87 | 86 | 79 | 75 | 73 | 78 | 78 |
| Advanced-processed goods <u>5/</u> | 83 | 83 | 83 | 77 | 75 | 76 | 79 | 79 |

1. Also includes producers of lumber, furniture, fabricated metals, instruments, and ordnance and miscellaneous manufactures.

2. Also includes producers of other transportation equipment.

3. Also includes producers of tobacco, apparel, printing and publishing, and leather.

4. Includes producers of lumber; stone, clay, and glass; primary metals; fabricated metals; textiles; paper; chemicals (at 1/2 weight); petroleum; and rubber.

5. Includes producers of furniture, electrical machinery, machinery except electrical, motor vehicles, aircraft, other transportation equipment, instruments, ordnance and miscellaneous manufactures, food including beverage, tobacco, apparel, printing and publishing, chemicals (at 1/2 weight), and leather.