



# FEDERAL RESERVE

## statistical release

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### Capacity Utilization: Manufacturing and Materials August 1979

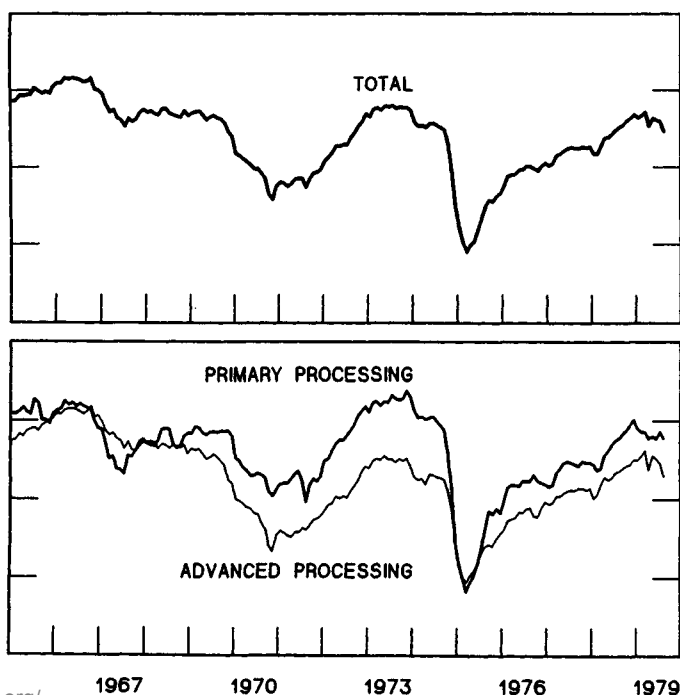
Manufacturers operated at 84.6 percent of capacity in August, down 1.3 percentage points from the July rate and the lowest in over a year. The capacity utilization rate for manufacturing has fallen 2.5 percentage points since March when it reached 87.1 percent, the highest rate since 1973.

Producers of industrial materials operated at 86.4 percent of their capacity in August, down 1.1 percentage points from the July rate and 2.4 percentage points below the high last December. This August the utilization rate was 6.2 percentage points below the 1973 peak.

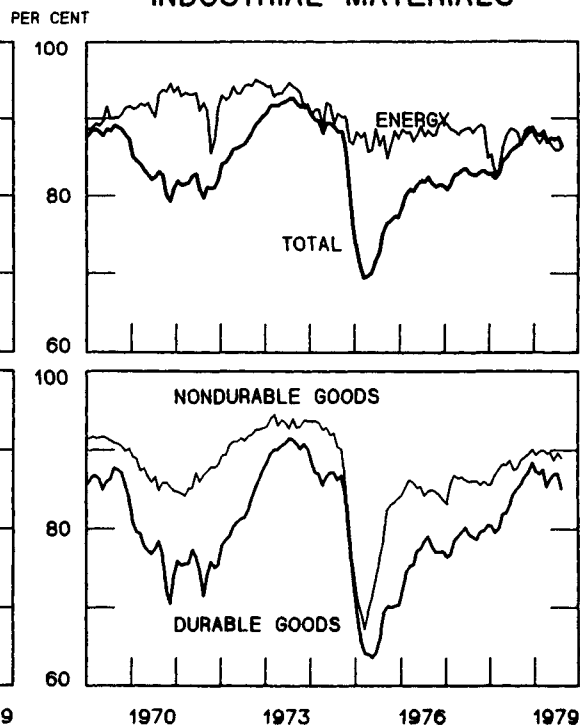
Utilization rates declined in most manufacturing industries in August, but the weakness was most evident in the advanced processing group in which the output of motor vehicles and parts fell off by 15 percent. The rate of capacity utilization in advanced processing industries overall fell 1.6 percentage points in August while the rate in primary processing industries declined 0.9 percentage point.

Among materials producers, declines in utilization were most severe for durable goods materials, largely because of reductions in the output of raw steel and of parts used in the production of consumer durables. The rate of capacity utilization for durable goods materials dropped 1.9 percentage points while the rate for nondurable goods materials declines 0.6 percentage point and that for energy materials rose 0.4 percentage point.

#### MANUFACTURING



#### INDUSTRIAL MATERIALS



## 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	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1978 AUG.	SEP.	OCT.	NOV.	DEC.	1979 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.
MANUFACTURING, TOTAL	88.0	69.0	85.2	85.5	86.0	86.3	86.8	86.4	86.7	87.1	85.3	86.3	86.1	85.9	84.6
PRIMARY PROCESSING	93.8	68.2	87.8	88.4	88.9	89.5	90.1	89.0	88.6	88.6	87.8	88.0	87.7	88.6	87.7
ADVANCED PROCESSING	85.5	69.4	83.6	84.0	84.3	84.5	85.0	85.0	85.5	86.2	83.8	85.5	85.2	84.5	82.9
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1978 II	1978 III	1978 IV	1979 I	1979 II	1978 II	1978 III	1978 IV	1979 I	1979 II	1978 II	1978 III	1978 IV	1979 I	1979 II
MANUFACTURING, TOTAL	145.5	148.6	151.7	153.4	153.1	173.3	174.5	175.6	176.9	178.2	83.9	85.2	86.4	86.7	85.9
PRIMARY PROCESSING	154.1	158.2	162.2	162.1	161.8	178.6	179.9	181.2	182.7	184.2	86.3	87.9	89.5	88.7	87.8
ADVANCED PROCESSING	141.0	143.6	146.1	148.7	148.4	170.5	171.6	172.7	173.8	175.0	82.7	83.7	84.6	85.6	84.8

### Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1978 AUG.	SEP.	OCT.	NOV.	DEC.	1979 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.
MATERIALS, TOTAL	92.6	69.4	86.4	86.8	87.6	88.1	88.8	87.9	87.8	88.3	86.9	87.4	87.2	87.5	86.4
DURABLE GOODS MATERIALS	91.5	63.6	85.1	85.7	86.6	87.2	88.4	87.3	87.0	87.5	85.4	86.3	86.9	87.0	85.1
METAL MATERIALS	98.2	68.6	91.1	92.5	93.8	94.4	96.0	88.6	88.2	90.6	88.2	87.0	90.3	91.2	
NONDURABLE GOODS MATERIALS	94.5	67.2	87.7	88.7	89.1	89.5	90.1	89.4	89.8	90.0	89.6	89.7	88.7	89.6	89.0
TEX., PAPER, & CHEM. MAT.	95.1	65.3	87.0	88.8	88.9	89.5	90.2	89.2	90.0	89.9	89.9	90.1	89.2	90.1	89.5
TEXTILE MATERIALS	92.6	57.9	84.8	85.6	87.7	87.0	87.8	86.4	85.8	86.8	85.3	86.5	86.6	87.9	
PAPER MATERIALS	99.4	72.4	88.5	93.5	93.1	93.3	93.9	89.9	92.4	93.8	94.3	93.4	93.9	96.0	
CHEMICAL MATERIALS	95.5	64.2	87.2	88.4	88.2	89.3	89.9	89.7	90.5	89.8	90.1	90.1	88.7	89.2	
ENERGY MATERIALS	94.6	84.8	88.1	86.5	88.4	88.8	88.2	87.3	86.7	87.6	87.2	86.6	85.9	85.8	86.2
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1978 II	1978 III	1978 IV	1979 I	1979 II	1978 II	1978 III	1978 IV	1979 I	1979 II	1978 II	1978 III	1978 IV	1979 I	1979 II
MATERIALS, TOTAL	146.7	150.2	154.6	155.5	155.4	172.5	173.9	175.4	176.8	178.1	85.0	86.4	88.2	88.0	87.2
DURABLE GOODS MATERIALS	146.0	151.9	157.3	158.4	157.7	177.1	178.5	180.1	181.5	183.0	82.4	85.1	87.4	87.3	86.2
METAL MATERIALS	118.1	126.6	132.2	124.7	124.3	138.9	139.3	139.6	139.8	140.3	85.1	90.9	94.7	89.1	88.5
NONDURABLE GOODS MATERIALS	165.2	165.9	170.3	172.2	173.1	187.1	188.5	190.2	191.9	193.7	88.3	88.0	89.6	89.7	89.4
TEX., PAPER, & CHEM. MAT.	170.8	172.2	177.1	179.1	180.9	194.8	196.2	197.9	199.6	201.5	87.7	87.8	89.5	89.7	89.7
TEXTILE MATERIALS	116.5	116.0	119.5	118.2	118.3	136.0	136.3	136.6	136.9	137.3	85.6	85.1	87.5	86.3	86.2
PAPER MATERIALS	138.6	134.1	138.1	136.9	140.7	146.1	146.9	147.8	148.7	149.9	94.9	91.3	93.4	92.0	93.9
CHEMICAL MATERIALS	207.7	212.3	218.0	222.7	224.5	239.9	242.2	244.6	247.4	250.6	86.6	87.6	89.1	90.0	89.6
ENERGY MATERIALS	125.7	126.9	128.9	127.9	127.7	143.7	144.7	145.7	146.7	147.5	87.5	87.7	88.5	87.2	86.6

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 1978, AND ABOUT 85 PERCENT FOR INDUSTRIAL MATERIALS FOR 1967 THROUGH 1978. 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