

FEDERAL RESERVE statistical release



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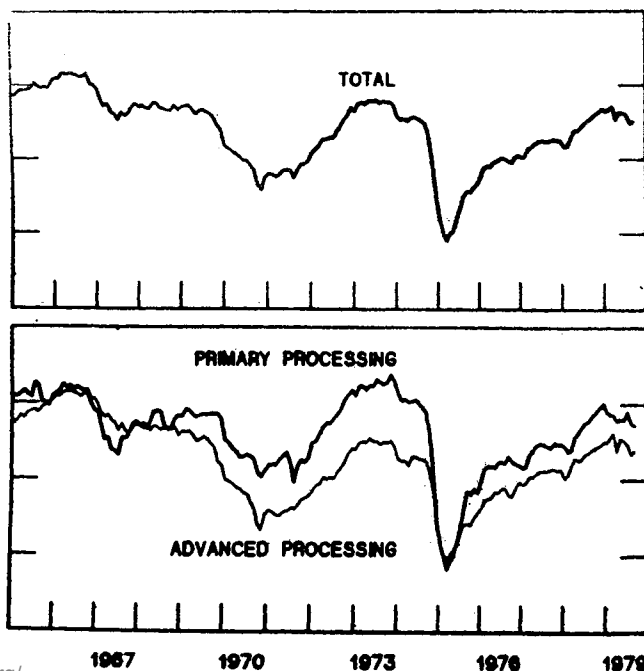
CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS September 1979

Manufacturers operated at 85.1 percent of capacity in September, up 0.3 percentage point from the August rate while producers of industrial materials operated at 86.7 percent of capacity, slightly below the August rate.

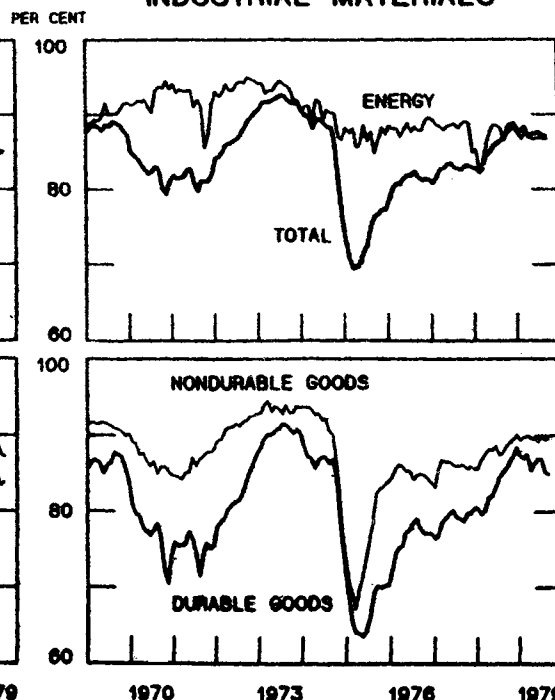
The September increase in manufacturing capacity utilization was concentrated in advanced processing industries, mainly reflecting a rebound in motor vehicle production. Capacity utilization in primary processing industries edged down. In the third quarter, capacity utilization in manufacturing was 85.3 percent, below the second quarter and 1.4 percentage points below the first quarter high. The September rate was 2.0 percentage points below the rate reached six months earlier.

Production of industrial materials, at 86.7 percent of capacity in September, was 0.1 percentage point below the rate in August. The September-August rate was down nearly a percentage point from the level prevailing in the preceding three months. The rate in September was 2.1 percentage points below the rate reached at the end of 1978. The utilization rate for materials in the third quarter, at 87.0 percent, was slightly below the rate in the second quarter and 1.2 percentage points below the recent high in the fourth quarter of 1978. Compared to late 1978 levels, the capacity utilization rate for metal materials, especially steel, has declined substantially. Over the same period, the utilization rate for nondurable goods materials has changed little even though the rate for the paper materials component has increased to over 95 percent. The utilization rate for producers of energy materials has changed little since the beginning of this year but the level has been slightly below the rate at the end of 1978.

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 SEP.	OCT.	NOV.	DEC.	1979								
							JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.
MANUFACTURING, TOTAL	88.0	69.0	85.5	86.0	86.3	86.8	86.4	86.7	87.1	85.3	86.3	86.2	86.0	84.8	85.1
PRIMARY PROCESSING	93.8	68.2	88.4	88.9	89.5	90.1	89.0	88.6	88.6	87.8	88.0	87.9	88.8	87.5	87.3
ADVANCED PROCESSING	85.5	69.4	84.0	84.3	84.5	85.0	85.0	85.5	86.2	83.8	85.5	85.2	84.5	83.4	84.0

SERIES	OUTPUT						CAPACITY						UTILIZATION		
	1978		1979		1978		1979		1978		1979		1979		
	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	SEP.
MANUFACTURING, TOTAL	148.6	151.7	153.4	153.1	153.2	174.5	175.6	176.9	178.2	179.5	85.2	86.4	86.7	85.9	85.3
PRIMARY PROCESSING	158.2	162.2	162.1	161.9	163.2	179.9	181.2	182.7	184.2	185.7	87.9	89.5	88.7	87.9	87.9
ADVANCED PROCESSING	143.6	146.1	148.7	148.5	147.9	171.6	172.7	173.8	175.0	176.2	83.7	84.6	85.6	84.8	84.0

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1978 SEP.	OCT.	NOV.	DEC.	1979								
							JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.
MATERIALS, TOTAL	92.6	69.4	86.8	87.6	88.1	88.8	87.9	87.8	88.3	86.9	87.4	87.5	87.7	86.8	86.7
DURABLE GOODS MATERIALS	91.5	63.6	85.7	86.6	87.2	88.4	87.3	87.0	87.5	85.4	86.3	86.9	86.9	85.1	85.0
METAL MATERIALS	98.2	68.6	92.5	93.8	94.4	96.0	88.6	88.2	90.6	88.2	87.0	90.3	91.5	89.7	
NONDURABLE GOODS MATERIALS	94.5	67.2	88.7	89.1	89.5	90.1	89.4	89.8	90.0	89.6	89.7	89.2	89.8	89.5	89.6
TEX., PAPER, & CHEM. MAT.	95.1	65.3	88.8	88.9	89.5	90.2	89.2	90.0	89.9	89.9	90.1	89.8	90.3	90.1	90.3
TEXTILE MATERIALS	92.6	57.9	85.6	87.7	87.0	87.8	86.4	85.8	86.8	85.3	86.5	89.4	89.0	87.7	
PAPER MATERIALS	99.4	72.4	93.5	93.1	93.3	93.9	89.9	92.4	93.8	94.3	93.4	93.9	96.4	95.3	
CHEMICAL MATERIALS	95.5	64.2	88.4	88.2	89.3	89.9	89.7	90.5	89.8	90.1	90.1	89.0	89.2	89.5	
ENERGY MATERIALS	94.6	84.8	86.5	88.4	88.8	88.2	87.3	86.7	87.6	87.2	86.6	86.8	86.8	87.4	87.1

SERIES	OUTPUT						CAPACITY						UTILIZATION		
	1978		1979		1978		1979		1978		1979		1979		
	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	SEP.
MATERIALS, TOTAL	150.2	154.6	155.5	155.6	156.5	173.9	175.4	176.8	178.1	179.8	86.4	88.2	88.0	87.3	87.0
DURABLE GOODS MATERIALS	151.9	157.3	158.4	157.7	158.1	178.5	180.1	181.5	183.0	184.6	85.1	87.4	87.3	86.2	85.7
METAL MATERIALS	126.6	132.2	124.7	124.3		139.3	139.6	139.8	140.3		90.9	94.7	89.1	88.5	
NONDURABLE GOODS MATERIALS	165.9	170.3	172.2	173.4	175.4	188.5	190.2	191.9	193.7	195.7	88.0	89.6	89.7	89.5	89.6
TEX., PAPER, & CHEM. MAT.	172.2	177.1	179.1	181.3	183.8	196.2	197.9	199.6	201.5	203.8	87.8	89.5	89.7	89.9	90.2
TEXTILE MATERIALS	116.0	119.5	118.2	119.6		136.3	136.6	136.9	137.3		85.1	87.5	86.3	87.1	
PAPER MATERIALS	134.1	138.1	136.9	140.7		146.9	147.8	148.7	149.9		91.3	93.4	92.0	93.9	
CHEMICAL MATERIALS	212.3	218.0	222.7	224.8		242.2	244.6	247.4	250.6		87.6	89.1	90.0	89.7	
ENERGY MATERIALS	126.9	128.9	127.9	128.1	129.2	144.7	145.7	146.7	147.5	148.3	87.7	88.5	87.2	86.9	87.1

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