

# FEDERAL RESERVE statistical release



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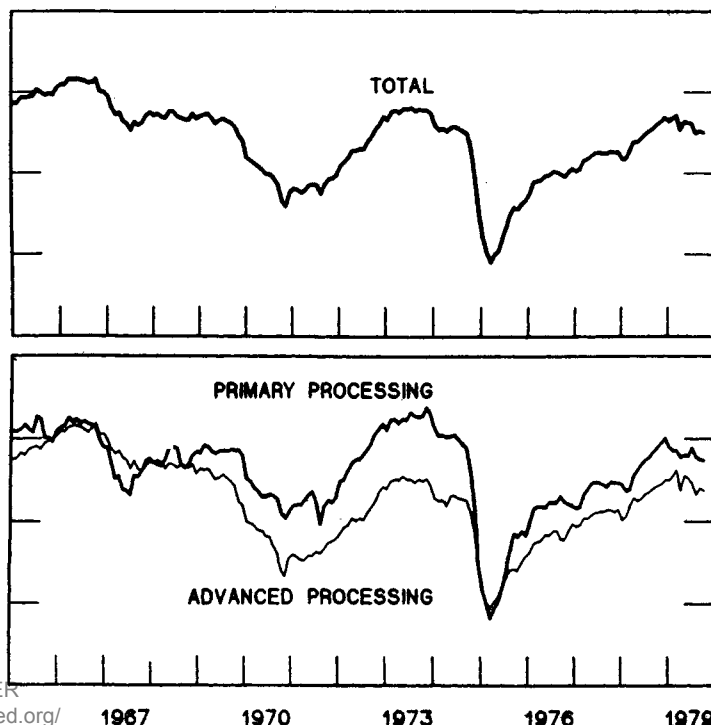
## CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS October 1979

Manufacturers operated at 85.0 percent of capacity in October and producers of industrial materials operated at 86.8 percent of capacity. Both of these rates were about the same as those for the preceding two months. The 1973 peak utilization rate for manufacturing was 88.0 percent and for industrial materials, 92.6 percent.

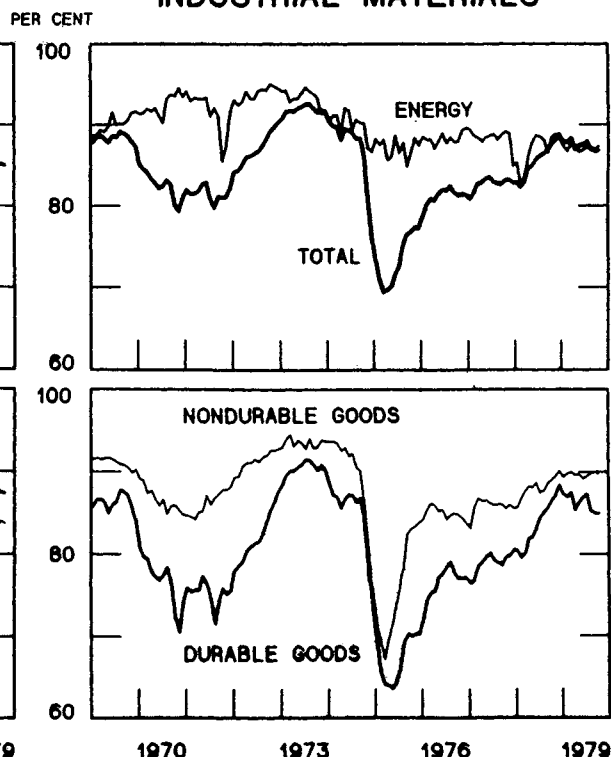
Within manufacturing, the utilization rate in primary processing industries eased further in October. In the advanced processing sector, strikes curtailed the output of nonelectrical machinery and were the main cause for a small decline in the overall operating rate. A slight downtrend in the rate for advanced processing industries during most of 1979 was due primarily to cutbacks in motor vehicle production. In contrast to motor vehicles, utilization rates for machinery industries have held fairly steady throughout the year while the rate for the aerospace and miscellaneous transportation equipment grouping has trended up. The manufacturing capacity utilization rate in October was down 1.7 percentage points from the first quarter average and 1.0 percentage point from the rate in October 1978.

Utilization rates for most materials producers were little changed in October, but operating rates for energy materials rose 0.5 percentage point. The capacity utilization rate for producers of industrial materials in October was only a little below the third quarter average and 1.2 percentage points below the first quarter average and 2.0 percentage points below the rate in December 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 OCT.	NOV.	DEC.	1979 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.
MANUFACTURING, TOTAL	88.0	69.0	86.0	86.3	86.8	86.4	86.7	87.1	85.3	86.3	86.2	86.1	84.9	85.2	85.0
PRIMARY PROCESSING	93.8	68.2	88.9	89.5	90.1	89.0	88.6	88.6	87.8	88.0	87.9	88.9	87.8	87.5	87.4
ADVANCED PROCESSING	85.5	69.4	84.3	84.5	85.0	85.0	85.5	86.2	83.8	85.5	85.2	84.6	83.3	84.0	83.7
	OUTPUT					CAPACITY					UTILIZATION				
	1978 III	1979 IV	I	II	III	1978 III	1979 IV	I	II	III	1978 III	1979 IV	I	II	III
MANUFACTURING, TOTAL	148.6	151.7	153.4	153.1	153.3	174.5	175.6	176.9	178.2	179.5	85.2	86.4	86.7	85.9	85.4
PRIMARY PROCESSING	158.2	162.2	162.1	161.9	163.6	179.9	181.2	182.7	184.2	185.7	87.9	89.5	88.7	87.9	88.1
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	83.9

## Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1978 OCT.	NOV.	DEC.	1979 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.
MATERIALS, TOTAL	92.6	69.4	87.6	88.1	88.8	87.9	87.8	88.3	86.9	87.4	87.5	87.9	86.9	86.7	86.8
DURABLE GOODS MATERIALS	91.5	63.6	86.6	87.2	88.4	87.3	87.0	87.5	85.4	86.3	86.9	87.3	85.3	85.0	85.0
METAL MATERIALS	98.2	68.6	93.8	94.4	96.0	88.6	88.2	90.6	88.2	87.0	90.3	92.4	90.0	88.7	
NONDURABLE GOODS MATERIALS	94.5	67.2	89.1	89.5	90.1	89.4	89.8	90.0	89.6	89.7	89.2	89.5	89.8	90.0	89.8
TEX., PAPER, & CHEM. MAT.	95.1	65.3	88.9	89.5	90.2	89.2	90.0	89.9	89.9	90.1	89.8	90.0	90.5	90.8	90.7
TEXTILE MATERIALS	92.6	57.9	87.7	87.0	87.8	86.4	85.8	86.8	85.3	86.5	89.4	88.8	87.8	88.5	
PAPER MATERIALS	99.4	72.4	93.1	93.3	93.9	89.9	92.4	93.8	94.3	93.4	93.9	97.0	97.2	97.6	
CHEMICAL MATERIALS	95.5	64.2	88.2	89.3	89.9	89.7	90.5	89.8	90.1	90.1	89.0	88.7	89.6	89.7	
ENERGY MATERIALS	94.6	84.8	88.4	88.8	88.2	87.3	86.7	87.6	87.2	86.6	86.8	87.1	87.2	86.8	87.3
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1978 III	1979 IV	1979 I	II	III	1978 III	1979 IV	1979 I	II	III	1978 III	1979 IV	1979 I	II	III
MATERIALS, TOTAL	150.2	154.6	155.5	155.6	156.8	173.9	175.4	176.8	178.1	179.8	86.4	88.2	88.0	87.3	87.2
DURABLE GOODS MATERIALS	151.9	157.3	158.4	157.7	158.5	178.5	180.1	181.5	183.0	184.6	85.1	87.4	87.3	86.2	85.9
METAL MATERIALS	126.6	132.2	124.7	124.3	127.2	139.3	139.6	139.8	140.3	140.8	90.9	94.7	89.1	88.5	90.4
NONDURABLE GOODS MATERIALS	165.9	170.3	172.2	173.4	175.7	188.5	190.2	191.9	193.7	195.7	88.0	89.6	89.7	89.5	89.8
TEX., PAPER, & CHEM. MAT.	172.2	177.1	179.1	181.3	184.3	196.2	197.9	199.6	201.5	203.8	87.8	89.5	89.7	89.9	90.4
TEXTILE MATERIALS	116.0	119.5	118.2	119.6	121.7	136.3	136.6	136.9	137.3	137.7	85.1	87.5	86.3	87.1	88.4
PAPER MATERIALS	134.1	138.1	136.9	140.7	146.9	146.9	147.8	148.7	149.9	151.0	91.3	93.4	92.0	93.9	97.3
CHEMICAL MATERIALS	212.3	218.0	222.7	224.8	226.8	242.2	244.6	247.4	250.6	253.8	87.6	89.1	90.0	89.7	89.3
ENERGY MATERIALS	126.9	128.9	127.9	128.1	129.1	144.7	145.7	146.7	147.5	148.3	87.7	88.5	87.2	86.9	87.0

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