

# FEDERAL RESERVE statistical release



G.3 (402)

For immediate release  
December 17, 1979

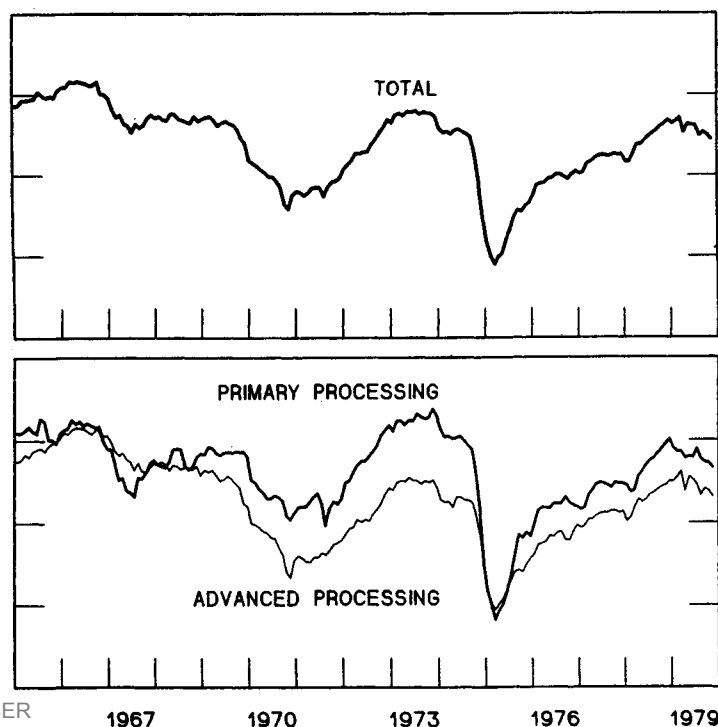
## CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS November 1979

Manufacturers operated at 84.4 percent of capacity in November, down 0.6 of a percentage point from the preceding month and 1.9 percentage points from a year earlier. Producers of industrial materials operated at 85.9 percent of capacity in November, down 0.8 of a percentage point from October and 2.2 percentage points from a year earlier. The 1973 peak utilization rates were 88.0 percent of capacity for manufacturing and 92.6 percent for industrial materials.

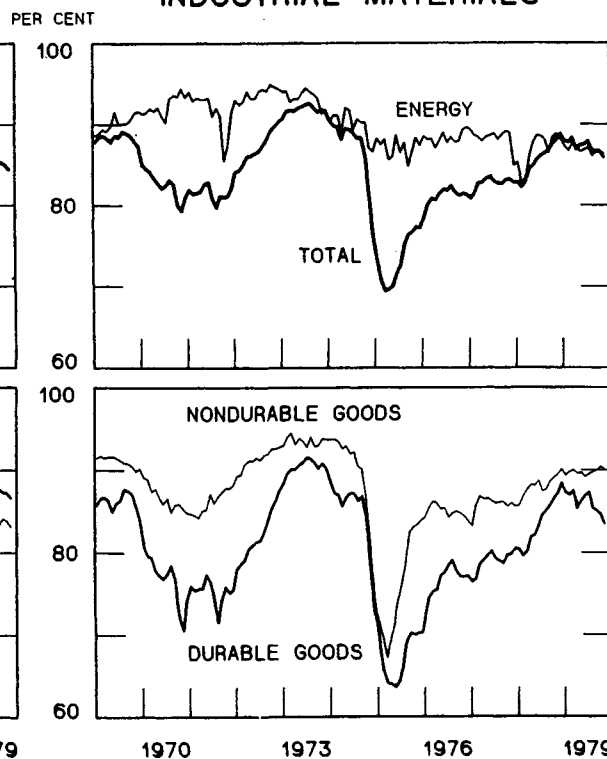
Within manufacturing, the utilization rates in the primary and advanced processing industries declined 0.6 and 0.7 of a percentage point, respectively, in November. Both are now more than 2 percentage points below their rates in the first quarter. A substantial part of this decline has been associated with a drop of nearly a fourth in production of motor vehicles and parts.

The decline in utilization rates for industrial materials in November mainly reflected a 1.2 percentage point drop in the operating rate for durable goods materials--a sector which has been declining for some months. The utilization rate for the metal materials component has declined by about 10 percentage points since late 1978. The utilization rate for nondurable goods materials edged down in November. The operating rates for textile, chemical, and paper materials have held at relatively high levels throughout 1979. Utilization rates for energy materials also edged down in November, reflecting a small decline in coal output.

### 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 NOV.	DEC.	1979 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.
MANUFACTURING, TOTAL	88.0	69.0	86.3	86.8	86.4	86.7	87.1	85.3	86.3	86.2	86.1	84.9	85.3	85.0	84.4
PRIMARY PROCESSING	93.8	68.2	89.5	90.1	89.0	88.6	88.6	87.8	88.0	87.9	88.9	87.7	87.3	87.2	86.6
ADVANCED PROCESSING	85.5	69.4	84.5	85.0	85.0	85.5	86.2	83.8	85.5	85.2	84.6	83.3	84.1	83.8	83.1
	OUTPUT				CAPACITY				UTILIZATION						
	1978 III	1979 IV	1979 I	1979 II	1978 III	1979 IV	1979 I	1979 II	1978 III	1979 IV	1979 I	1979 II	1979 III	1979 IV	1979 I
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	163.4	179.9	181.2	182.7	184.2	185.7	87.9	89.5	88.7	87.9	88.0
ADVANCED PROCESSING	143.6	146.1	148.7	148.5	148.0	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 NOV.	DEC.	1979 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.
MATERIALS, TOTAL	92.6	69.4	88.1	88.8	87.9	87.8	88.3	86.9	87.4	87.5	87.9	86.8	86.7	86.7	85.9
DURABLE GOODS MATERIALS	91.5	63.6	87.2	88.4	87.3	87.0	87.5	85.4	86.3	86.9	87.3	85.4	85.1	84.7	83.5
METAL MATERIALS	98.2	68.6	94.4	96.0	88.6	88.2	90.6	88.2	87.0	90.3	92.4	89.7	88.6	86.0	
NONDURABLE GOODS MATERIALS	94.5	67.2	89.5	90.1	89.4	89.8	90.0	89.6	89.7	89.2	89.5	89.8	90.0	90.4	90.1
TEX., PAPER, & CHEM. MAT.	95.1	65.3	89.5	90.2	89.2	90.0	89.9	89.9	90.1	89.8	90.0	90.4	91.0	91.6	91.3
TEXTILE MATERIALS	92.6	57.9	87.0	87.8	86.4	85.8	86.8	85.3	86.5	89.4	88.8	87.5	90.1	90.4	
PAPER MATERIALS	99.4	72.4	93.3	93.9	89.9	92.4	93.8	94.3	93.4	93.9	97.0	97.2	97.8	97.0	
CHEMICAL MATERIALS	95.5	64.2	89.3	89.9	89.7	90.5	89.8	90.1	90.1	89.0	88.7	89.7	89.6	90.5	
ENERGY MATERIALS	94.6	84.8	88.8	88.2	87.3	86.7	87.6	87.2	86.6	86.8	87.1	86.1	86.5	86.6	86.4
SERIES	OUTPUT				CAPACITY				UTILIZATION						
	1978 III	1979 IV	1979 I	1979 II	1978 III	1979 IV	1979 I	1979 II	1978 III	1979 IV	1979 I	1979 II	1979 III	1979 IV	1979 I
MATERIALS, TOTAL	150.2	154.6	155.5	155.6	156.7	173.9	175.4	176.8	178.1	179.8	86.4	88.2	88.0	87.3	87.1
DURABLE GOODS MATERIALS	151.9	157.3	158.4	157.7	158.7	178.5	180.1	181.5	183.0	184.6	85.1	87.4	87.3	86.2	86.0
METAL MATERIALS	126.6	132.2	124.7	124.3	127.0	139.3	139.6	139.8	140.3	140.8	90.9	94.7	89.1	88.5	90.2
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	90.5
TEXTILE MATERIALS	116.0	119.5	118.2	119.6	122.3	136.3	136.6	136.9	137.3	137.7	85.1	87.5	86.3	87.1	88.8
PAPER MATERIALS	134.1	138.1	136.9	140.7	147.0	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	226.6	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	128.4	144.7	145.7	146.7	147.5	148.3	87.7	88.5	87.2	86.9	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