



G.3 (402)

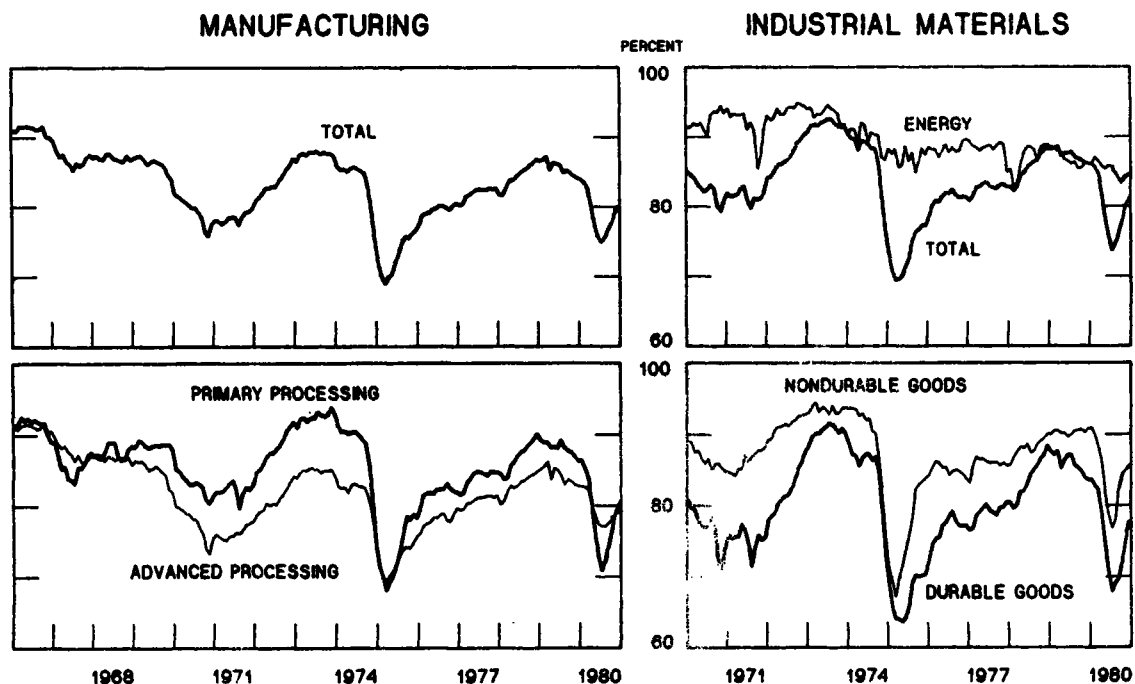
For immediate release  
January 16, 1981

## CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS December 1980

Capacity utilization in manufacturing increased 0.5 of a percentage point in December to 79.8 percent. Producers of industrial materials operated at 81.2 percent of capacity, up 1.0 percentage point from the November rate. These increases were smaller than in the three preceding months. The December rate for manufacturing was 4.9 percentage points above its July 1980 low; the rate for materials producers was 7.5 percentage points higher. However, the December rates for both were still nearly 7-1/2 percentage points below their highs in 1979.

The utilization rate for primary processing industries rose 1.0 percentage point in December to 80.6 percent, while the rate for the advanced processing industries edged up 0.1 of a percentage point to 79.3 percent. Among the primary processing industries, large increases occurred in operating rates for producers of nonferrous metals (partly because of a further post-strike surge in output of copper), iron and steel, petroleum products, and textiles. Capacity utilization rose more moderately for paper, chemicals, and fabricated metal products industries. Among the advanced processing industries, the utilization rates for producers of both electrical machinery and instruments increased moderately again in December. In contrast, the operating rate for motor vehicles and parts producers declined sharply in December, after increasing substantially in each of the three preceding months.

Producers of durable goods materials utilized 77.6 percent of their capacity in December, 1.4 percentage points above the November rate. The operating rates for producers of nondurable goods materials and energy materials both rose 0.5 of a percentage point, to 85.2 percent and 85.0 percent, respectively.



# 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<br>HIGH                 | 1975<br>LOW | 1979<br>DEC. | 1980     |       |       |       |       |       |       |      |      |      |      |      |
|                      |                              |             |              | JAN.     | FEB.  | MAR.  | APR.  | MAY   | JUNE  | JULY  | AUG. | SEP. | OCT. | NOV. | DEC. |
| MANUFACTURING, TOTAL | 88.0                         | 69.0        | 84.1         | 83.9     | 83.5  | 82.8  | 80.3  | 77.6  | 75.7  | 74.9  | 75.5 | 76.7 | 78.1 | 79.3 | 79.8 |
| PRIMARY PROCESSING   | 93.8                         | 68.2        | 86.3         | 86.4     | 85.2  | 83.8  | 80.5  | 75.8  | 72.7  | 70.9  | 72.5 | 75.2 | 77.6 | 79.6 | 80.6 |
| ADVANCED PROCESSING  | 85.5                         | 69.4        | 82.8         | 82.7     | 82.6  | 82.2  | 80.1  | 78.6  | 77.4  | 77.1  | 77.1 | 77.7 | 78.5 | 79.2 | 79.3 |
|                      | OUTPUT                       |             |              | CAPACITY |       |       |       |       |       |       |      |      |      |      |      |
|                      | 1979                         | 1980        |              | 1979     |       |       |       |       |       |       |      |      |      |      |      |
|                      | IV                           | I           | II           | III      | IV    | IV    | I     | II    | III   | IV    | IV   | I    | II   | III  | IV   |
| MANUFACTURING, TOTAL | 153.4                        | 152.8       | 143.9        | 141.0    | 148.5 | 181.7 | 183.3 | 184.8 | 186.3 | 187.8 | 84.4 | 83.4 | 77.9 | 75.7 | 79.1 |
| PRIMARY PROCESSING   | 162.5                        | 160.5       | 145.0        | 139.6    | 153.0 | 187.1 | 188.5 | 190.0 | 191.5 | 193.0 | 86.9 | 85.1 | 76.3 | 72.9 | 79.3 |
| ADVANCED PROCESSING  | 148.5                        | 148.8       | 143.3        | 141.8    | 146.2 | 178.9 | 180.5 | 182.0 | 183.5 | 185.0 | 83.0 | 82.5 | 78.7 | 77.3 | 79.0 |

## Industrial Materials

| SERIES                     | MONTHLY CAPACITY UTILIZATION |             |              |          |       |       |       |       |       |       |      |      |      |      |      |
|----------------------------|------------------------------|-------------|--------------|----------|-------|-------|-------|-------|-------|-------|------|------|------|------|------|
|                            | 1973<br>HIGH                 | 1975<br>LOW | 1979<br>DEC. | 1980     |       |       |       |       |       |       |      |      |      |      |      |
|                            |                              |             |              | JAN.     | FEB.  | MAR.  | APR.  | MAY   | JUNE  | JULY  | AUG. | SEP. | OCT. | NOV. | DEC. |
| MATERIALS, TOTAL           | 92.6                         | 69.4        | 86.1         | 86.1     | 85.6  | 84.7  | 82.1  | 78.3  | 75.7  | 73.7  | 74.6 | 76.4 | 78.4 | 80.2 | 81.2 |
| DURABLE GOODS MATERIALS    | 91.5                         | 63.6        | 83.6         | 83.6     | 82.7  | 82.2  | 78.8  | 74.1  | 70.8  | 68.0  | 69.1 | 70.4 | 73.4 | 76.2 | 77.6 |
| METAL MATERIALS            | 98.3                         | 68.6        | 84.8         | 84.1     | 82.0  | 83.6  | 77.2  | 70.0  | 67.0  | 58.4  | 62.2 | 63.9 | 71.5 | 80.4 |      |
| NONDURABLE GOODS MATERIALS | 94.5                         | 67.2        | 90.8         | 90.9     | 90.0  | 88.3  | 86.1  | 81.8  | 78.7  | 76.8  | 78.2 | 82.7 | 84.4 | 84.7 | 85.2 |
| TEX., PAPER, & CHEM. MAT.  | 95.1                         | 65.3        | 91.4         | 91.2     | 90.3  | 88.5  | 86.0  | 81.3  | 77.1  | 74.5  | 76.4 | 81.6 | 83.8 | 84.2 | 84.9 |
| TEXTILE MATERIALS          | 92.6                         | 57.9        | 89.3         | 86.6     | 87.2  | 86.8  | 84.6  | 84.5  | 81.8  | 82.0  | 79.5 | 82.0 | 81.8 | 81.6 |      |
| PAPER MATERIALS            | 99.4                         | 72.4        | 97.6         | 96.0     | 94.4  | 93.0  | 90.7  | 90.8  | 91.6  | 88.1  | 90.2 | 93.9 | 93.5 | 93.7 |      |
| CHEMICAL MATERIALS         | 95.5                         | 64.2        | 90.5         | 91.2     | 90.1  | 87.9  | 85.2  | 78.3  | 72.7  | 69.6  | 72.5 | 78.7 | 82.1 | 82.5 |      |
| ENERGY MATERIALS           | 94.6                         | 84.8        | 86.0         | 86.2     | 87.0  | 86.5  | 85.8  | 85.3  | 85.8  | 85.6  | 85.2 | 84.1 | 83.2 | 84.5 | 85.0 |
|                            | OUTPUT                       |             |              | CAPACITY |       |       |       |       |       |       |      |      |      |      |      |
|                            | 1979                         | 1980        |              | 1979     |       |       |       |       |       |       |      |      |      |      |      |
|                            | IV                           | I           | II           | III      | IV    | IV    | I     | II    | III   | IV    | IV   | I    | II   | III  | IV   |
| MATERIALS, TOTAL           | 156.5                        | 156.3       | 145.1        | 139.2    | 149.6 | 181.2 | 182.8 | 184.3 | 185.8 | 187.2 | 86.3 | 85.5 | 78.7 | 74.9 | 79.9 |
| DURABLE GOODS MATERIALS    | 156.3                        | 155.0       | 140.6        | 131.5    | 145.1 | 185.7 | 187.2 | 188.6 | 190.0 | 191.5 | 84.1 | 82.8 | 74.6 | 69.2 | 75.7 |
| METAL MATERIALS            | 119.6                        | 117.1       | 100.6        | 86.6     |       | 140.6 | 140.7 | 140.8 | 140.9 |       | 85.1 | 83.2 | 71.4 | 61.5 |      |
| NONDURABLE GOODS MATERIALS | 179.2                        | 179.3       | 166.0        | 161.9    | 175.1 | 197.6 | 199.8 | 202.0 | 204.3 | 206.5 | 90.6 | 89.7 | 82.2 | 79.2 | 84.8 |
| TEX., PAPER, & CHEM. MAT.  | 187.9                        | 187.5       | 171.9        | 165.6    | 182.3 | 205.8 | 208.3 | 211.0 | 213.7 | 216.2 | 91.2 | 90.0 | 81.5 | 77.5 | 84.3 |
| TEXTILE MATERIALS          | 123.8                        | 120.6       | 116.4        | 113.4    |       | 138.4 | 138.8 | 139.2 | 139.6 |       | 89.4 | 86.9 | 83.7 | 81.2 |      |
| PAPER MATERIALS            | 148.9                        | 146.1       | 142.1        | 142.9    |       | 153.3 | 154.7 | 156.0 | 157.4 |       | 97.1 | 94.5 | 91.0 | 90.7 |      |
| CHEMICAL MATERIALS         | 231.8                        | 233.6       | 208.3        | 197.9    |       | 256.8 | 260.4 | 264.6 | 268.7 |       | 90.2 | 89.7 | 78.7 | 73.6 |      |
| ENERGY MATERIALS           | 129.0                        | 130.8       | 130.0        | 129.6    | 129.1 | 150.3 | 151.1 | 151.8 | 152.6 | 153.1 | 85.9 | 86.6 | 85.6 | 85.0 | 84.3 |

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 1979, AND ABOUT 85 PERCENT FOR INDUSTRIAL MATERIALS FOR 1967 THROUGH 1979. 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