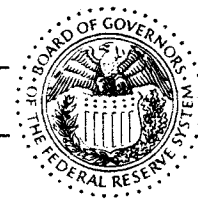


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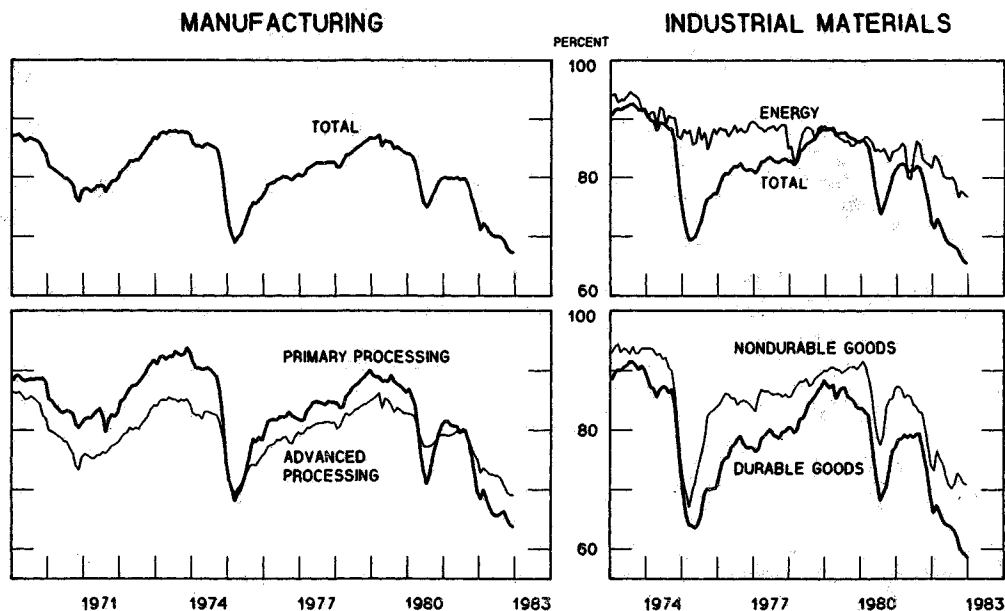
For immediate release
January 17, 1983

CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS December 1982

Operating rates declined again in December for manufacturing and for industrial materials production, but at slower rates than during the previous three months. From September through November the declines in both the manufacturing and the materials rates had averaged 0.8 of a percentage point per month; in December capacity utilization in manufacturing edged down 0.1 of a percentage point to 67.3 percent, and the industrial materials operating rate decreased 0.4 of a percentage point to 65.5 percent. Both of these December rates were new series lows.

Within manufacturing, the operating rate for the advanced processing industries was unchanged in December at 69.1 percent, as gains in operating rates for producers of motor vehicles and parts were largely offset by declines in capacity use by producers of machinery. Capacity utilization for the primary processing industries fell 0.3 of a percentage point to 63.8 percent, mainly as a result of additional curtailments by producers of metals and petroleum products.

Producers of durable goods materials utilized 58.8 percent of their capacity in December, down 0.5 of a percentage point from November. The operating rate for consumer durable parts was up, but rates for equipment parts and metal materials were down. Raw steel utilization dropped to 37.8 percent. The operating rate for nondurable goods materials production edged down to 70.9 percent in December, and the rate for energy materials production decreased 0.4 of a percentage point to 76.7 percent.



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	1981 DEC.	1982 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.
MANUFACTURING, TOTAL	88.0	69.0	73.1	71.1	72.2	71.6	70.8	70.2	70.0	70.0	69.8	69.2	68.0	67.4	67.3
PRIMARY PROCESSING	93.8	68.2	69.6	68.5	70.0	68.6	67.2	66.1	65.7	65.7	66.1	66.4	65.1	64.1	63.8
ADVANCED PROCESSING	85.5	69.4	75.0	72.8	73.6	73.2	72.6	72.5	72.3	72.3	71.7	70.7	69.5	69.1	69.1
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1981 IV	1982 I	II	III	IV	1981 IV	1982 I	II	III	IV	1981 IV	1982 I	II	III	IV
MANUFACTURING, TOTAL	145.0	139.8	138.1	137.7	134.3	193.9	195.2	196.4	197.7	198.9	74.8	71.6	70.3	69.7	67.6
PRIMARY PROCESSING	143.5	137.1	132.3	132.4	129.5	197.5	198.6	199.5	200.4	201.3	72.7	69.1	66.3	66.1	64.3
ADVANCED PROCESSING	145.8	141.6	141.2	140.5	136.8	192.0	193.5	194.9	196.2	197.6	75.9	73.2	72.5	71.6	69.2

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1981 DEC.	1982 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.
MATERIALS, TOTAL	92.6	69.4	72.4	71.4	72.9	71.8	70.5	69.4	68.8	68.5	68.2	67.7	66.7	65.9	65.5
DURABLE GOODS MATERIALS	91.5	63.6	68.5	66.2	67.4	66.4	65.0	64.2	64.0	63.7	63.1	61.9	60.0	59.3	58.8
METAL MATERIALS	98.3	68.6	65.5	65.8	64.7	61.1	56.2	53.9	52.2	50.7	51.2	51.9	49.3	47.8	
NONDURABLE GOODS MATERIALS	94.5	67.2	74.1	73.2	76.5	75.3	74.4	72.5	70.9	70.2	71.0	72.8	72.2	71.1	70.9
TEX., PAPER, & CHEM. MAT.	95.1	65.3	72.2	70.7	74.4	73.7	72.5	70.6	68.8	68.0	68.9	70.7	70.0	69.1	69.1
TEXTILE MATERIALS	92.6	57.9	72.0	68.6	71.9	73.5	73.4	71.5	69.6	69.8	72.3	72.3	73.4	72.3	
PAPER MATERIALS	99.4	72.4	86.5	87.6	90.7	89.4	87.4	86.1	85.3	86.0	88.6	89.8	89.8	89.1	
CHEMICAL MATERIALS	95.5	64.2	69.3	67.4	71.3	70.2	69.0	66.9	65.0	63.7	63.9	66.2	64.9	64.1	
ENERGY MATERIALS	94.6	84.8	81.6	83.7	83.2	81.8	80.2	79.9	79.8	80.0	79.0	76.6	77.7	77.1	76.7
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1981 IV	1982 I	II	III	IV	1981 IV	1982 I	II	III	IV	1981 IV	1982 I	II	III	IV
MATERIALS, TOTAL	144.0	138.7	134.7	132.6	129.2	191.5	192.6	193.7	194.6	195.5	75.2	72.0	69.6	68.1	66.1
DURABLE GOODS MATERIALS	140.2	130.9	127.1	124.7	118.2	195.3	196.4	197.3	198.3	199.2	71.8	66.7	64.4	62.9	59.4
METAL MATERIALS	99.5	90.9	77.0	73.0		142.1	142.3	142.4	142.3		70.1	63.9	54.1	51.3	
NONDURABLE GOODS MATERIALS	164.5	161.0	156.8	155.1	156.2	213.1	214.6	216.1	217.4	218.9	77.2	75.0	72.6	71.3	71.4
TEX., PAPER, & CHEM. MAT.	169.4	164.5	160.5	158.4	159.9	223.9	225.6	227.3	228.8	230.5	75.7	72.9	70.6	69.2	69.4
TEXTILE MATERIALS	106.8	101.3	101.8	102.0		141.6	142.1	142.4	142.8		75.4	71.3	71.5	71.5	
PAPER MATERIALS	147.0	146.1	142.0	145.9		162.8	163.8	164.6	165.4		90.3	89.2	86.3	88.2	
CHEMICAL MATERIALS	206.2	200.0	194.0	188.5		284.4	287.3	289.6	291.9		72.5	69.6	67.0	64.6	
ENERGY MATERIALS	127.9	129.8	125.5	123.8	122.0	155.8	156.5	157.0	157.6	158.2	82.1	82.9	79.9	78.5	77.1

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 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