

FEDERAL RESERVE statistical release



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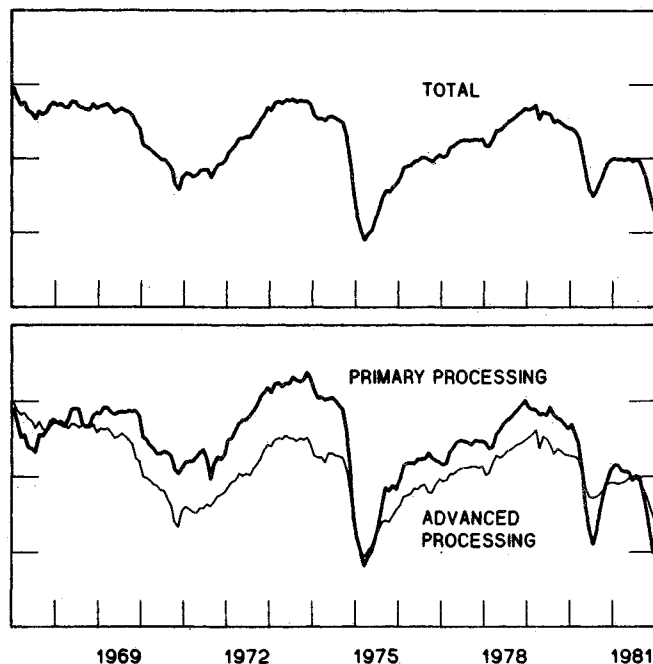
CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS December 1981

Capacity utilization in manufacturing fell 1.9 percentage points in December to 72.9 percent, following declines of 1.8 percentage points in November and 1.7 percentage points in October. The manufacturing operating rate in December dropped to its lowest monthly rate since June 1975. Capacity utilization for producers of industrial materials declined 2.6 percentage points in December, following drops of 2.5 and 2.2 percentage points in November and October, respectively. At 72.7 percent, the materials rate in December was lower than it has been since July 1975.

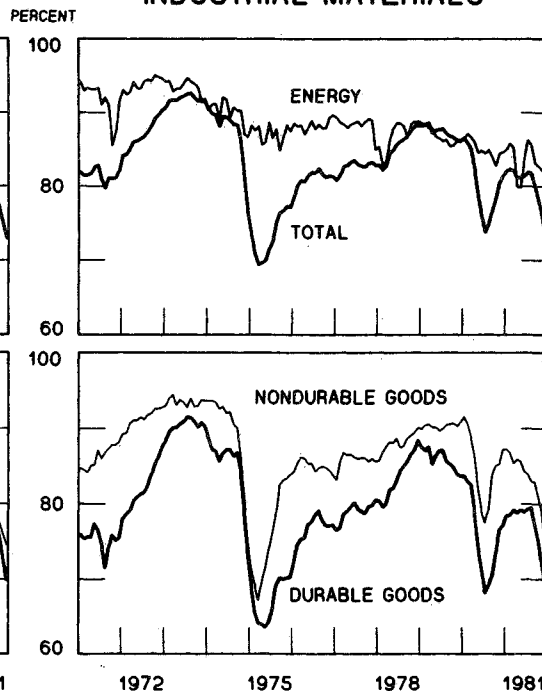
Within manufacturing, sizable declines in utilization rates again were widespread. The rate for the primary processing industries fell 3.0 percentage points to 69.9 percent, and the rate for advanced processing industries decreased 1.3 percentage points to 74.5 percent. Operating rates declined quite sharply for producers of rubber and plastics, iron and steel, nonferrous metals, electrical machinery and chemicals. Producers of motor vehicles and parts cut back operations somewhat further in December, and utilization dropped below 50 percent. The operating rate for producers of petroleum products rose slightly in December, and rates for the paper industry and the aerospace and miscellaneous transportation equipment industry changed little.

The utilization rate for producers of durable goods materials dropped 3.0 percentage points to 69.0 percent, reflecting sharp declines in the operating rates for aluminum production and for the production of parts for consumer durable goods, and smaller cutbacks in rates for raw steel production and for the production of parts for equipment. Capacity utilization by producers of nondurable goods materials fell 2.9 percentage points to 74.2 percent, partly because of reductions in textile and chemical materials production. The utilization rate for energy materials production decreased from 82.1 percent in November to 81.5 percent in December.

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	1980 DEC.	1981 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	
MANUFACTURING, TOTAL	88.0	69.0	79.8	80.0	79.8	79.8	79.8	80.0	79.6	79.8	79.6	78.3	76.6	74.8	72.9	
PRIMARY PROCESSING	93.8	68.2	80.9	81.5	81.5	80.8	80.7	80.6	79.5	80.1	79.9	78.2	75.6	72.9	69.9	
ADVANCED PROCESSING	85.5	69.4	79.2	79.2	79.0	79.2	79.4	79.8	79.7	79.8	79.4	78.3	77.1	75.8	74.5	
	OUTPUT					CAPACITY				UTILIZATION						
	1980 IV	1981 I	II	III	IV	1980 IV	1981 I	II	III	IV	1980 IV	1981 I	II	III	IV	
MANUFACTURING, TOTAL	148.6	151.3	152.4	152.5	145.0	187.9	189.4	190.9	192.4	193.9	79.1	79.9	79.8	79.3	74.8	
PRIMARY PROCESSING	152.7	157.5	156.5	155.8	143.8	192.5	193.8	195.0	196.3	197.5	79.3	81.3	80.3	79.4	72.8	
ADVANCED PROCESSING	146.2	148.1	150.2	150.7	145.6	185.5	187.1	188.7	190.4	192.0	78.8	79.1	79.6	79.2	75.8	

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973	1975	1980	1981											
	HIGH	LOW	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.
MATERIALS, TOTAL	92.6	69.4	81.4	82.1	82.3	82.1	81.1	81.2	81.3	81.9	81.7	80.0	77.8	75.3	72.7
DURABLE GOODS MATERIALS	91.5	63.6	77.1	78.4	78.5	79.2	78.8	79.2	78.9	79.3	79.5	77.4	74.8	72.0	69.0
METAL MATERIALS	98.3	68.6	80.3	81.9	83.2	83.9	79.9	80.3	78.7	79.5	83.0	79.1	73.9	70.3	64.7
NONDURABLE GOODS MATERIALS	94.5	67.2	87.2	87.3	86.8	85.4	85.9	85.6	84.3	83.9	83.0	82.9	80.4	77.1	74.2
TEX., PAPER, & CHEM. MAT.	95.1	65.3	87.1	86.7	86.3	85.0	85.5	85.4	83.5	83.2	82.3	82.1	79.1	75.6	72.0
TEXTILE MATERIALS	92.6	57.9	80.2	82.0	82.2	81.5	81.9	81.7	80.5	82.0	82.3	81.3	78.8	76.2	74.2
PAPER MATERIALS	99.4	72.4	95.0	94.5	94.5	95.3	94.9	93.9	93.0	92.9	93.6	95.7	92.0	91.6	91.6
CHEMICAL MATERIALS	95.5	64.2	86.8	86.0	85.3	83.4	84.1	84.3	82.0	81.2	79.7	79.2	76.2	71.9	67.2
ENERGY MATERIALS	94.6	84.8	84.6	84.9	85.8	85.2	79.9	79.8	83.7	86.2	85.6	83.0	82.6	82.1	81.5
	OUTPUT					CAPACITY					UTILIZATION				
	1980 IV	1981 I	II	III	IV	1980 IV	1981 I	II	III	IV	1980 IV	1981 I	II	III	IV
MATERIALS, TOTAL	149.4	154.2	153.4	154.3	144.0	186.4	187.6	188.9	190.1	191.3	80.1	82.2	81.2	81.2	75.3
DURABLE GOODS MATERIALS	144.3	150.9	152.3	152.8	140.3	190.6	191.8	192.9	194.0	195.1	75.7	78.7	79.0	78.7	71.9
METAL MATERIALS	109.4	117.5	112.8	114.2	99.0	141.3	141.5	141.7	141.9	142.1	77.4	83.0	79.6	80.5	69.6
NONDURABLE GOODS MATERIALS	176.3	179.2	178.4	175.8	164.5	205.3	207.3	209.2	211.2	213.1	85.9	86.5	85.3	83.3	77.2
TEX., PAPER, & CHEM. MAT.	183.7	186.7	185.9	182.8	169.1	214.9	217.1	219.4	224.7	223.9	85.5	86.0	84.8	82.5	75.6
TEXTILE MATERIALS	113.7	114.8	114.5	115.5	108.2	139.7	140.1	140.6	141.0	141.6	81.4	81.9	81.4	81.8	76.4
PAPER MATERIALS	149.7	151.4	151.0	152.2	149.4	158.5	159.7	160.7	161.9	162.8	94.5	94.8	93.9	94.1	91.8
CHEMICAL MATERIALS	228.2	232.7	231.6	224.9	204.1	270.5	274.1	277.5	281.0	284.4	84.3	84.9	83.5	80.0	71.8
ENERGY MATERIALS	128.2	130.9	125.1	131.6	127.7	152.8	153.5	154.2	155.0	155.6	83.9	85.3	81.1	84.9	82.1

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