

# FEDERAL RESERVE



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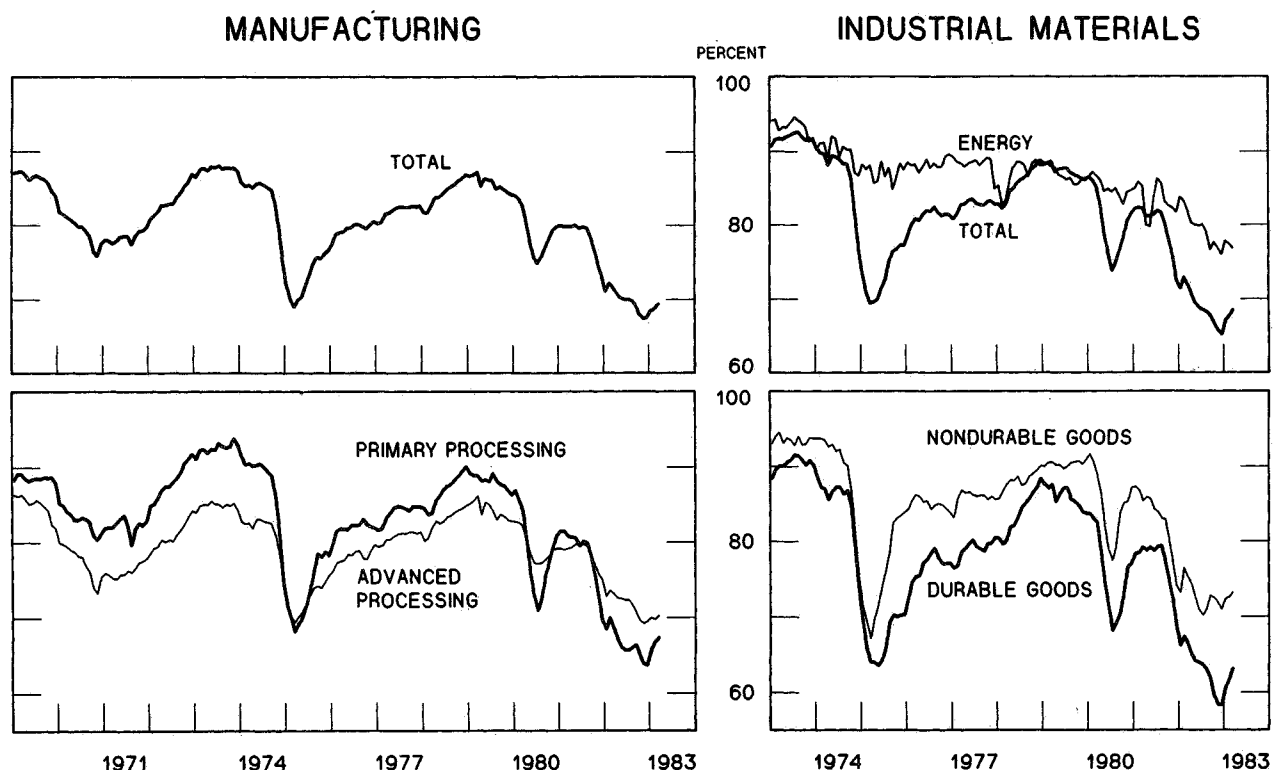
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## CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS March 1983

Capacity utilization in manufacturing rose 0.7 percentage point in March to 69.4 percent, reflecting widespread increases in activity among manufacturing industries. Producers of industrial materials operated at 68.5 percent of capacity in March, a gain of 0.8 percentage point that resulted mainly from strong advances in the production of durable materials--especially metals, equipment parts, and parts for durable consumer goods.

Within manufacturing, the iron and steel industry continued to reactivate capacity at a fast pace--its operating rate has risen from 35.5 percent last December to almost 52 percent in March. Capacity utilization rose in March for several capital-goods-producing industries after generally declining in previous months; rates were up more than 0.5 percentage point in electrical and nonelectrical machinery, aerospace and miscellaneous transportation equipment, and instruments. The operating rate for the motor vehicles and parts industry decreased a little, but remained well above its depressed fourth quarter level.

Producers of durable goods materials posted a sizable gain in capacity utilization for the third consecutive month in March; the rate rose 1.4 percentage points to 63.2 percent. The operating rate for producers of nondurable goods materials was up more moderately--by 0.7 percentage point to 73.3 percent. The rate for producers of energy materials fell 0.6 percentage point to 76.8 percent, largely because of a decline in coal production.



# 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												1983		
	1973 HIGH	1975 LOW	1982 MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.
MANUFACTURING, TOTAL	88.0	69.0	71.6	70.8	70.2	70.0	70.0	69.8	69.2	68.0	67.4	67.5	68.4	68.7	69.4
PRIMARY PROCESSING	93.8	68.2	68.6	67.2	66.1	65.7	65.7	66.1	66.4	65.0	63.9	63.7	65.9	66.9	67.6
ADVANCED PROCESSING	85.5	69.4	73.2	72.6	72.5	72.3	72.3	71.7	70.7	69.6	69.2	69.5	70.0	69.8	70.5
SERIES	OUTPUT				CAPACITY				UTILIZATION				1983		
	1982 I	II	III	IV	1983 I	1982 I	II	III	IV	1983 I	1982 I	II	III	IV	1983 I
MANUFACTURING, TOTAL	139.8	138.1	137.7	134.5	137.7	195.2	196.4	197.7	198.9	200.1	71.6	70.3	69.7	67.6	68.8
PRIMARY PROCESSING	137.8	132.3	132.4	129.3	135.0	198.6	199.5	200.4	201.3	202.3	69.1	66.3	66.1	64.2	66.7
ADVANCED PROCESSING	141.6	141.2	140.5	137.3	139.4	193.5	194.9	196.2	197.6	199.0	73.2	72.5	71.6	69.5	70.0

## Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION												1983		
	1973 HIGH	1975 LOW	1982 MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.
MATERIALS, TOTAL	92.6	69.4	71.8	70.5	69.4	68.8	68.5	68.2	67.7	66.6	65.7	65.2	67.1	67.7	68.5
DURABLE GOODS MATERIALS	91.5	63.6	66.4	65.0	64.2	64.0	63.7	63.1	61.9	59.6	58.4	58.4	60.6	61.8	63.2
METAL MATERIALS	98.3	68.6	61.1	56.2	53.9	52.2	50.7	51.2	51.9	48.6	45.5	46.0	52.0	54.6	
NONDURABLE GOODS MATERIALS	94.5	67.2	75.3	74.4	72.5	70.9	70.2	71.0	72.8	72.5	71.9	71.0	72.4	72.6	73.3
TEX., PAPER, & CHEM. MAT.	95.1	65.3	73.7	72.5	70.6	68.8	68.0	68.9	70.7	70.3	69.9	69.3	70.3	70.9	71.7
TEXTILE MATERIALS	92.6	57.9	73.5	73.4	71.5	69.6	69.8	72.3	72.3	73.0	71.6	71.3	73.1	74.5	
PAPER MATERIALS	99.4	72.4	89.4	87.4	86.1	85.3	86.0	88.6	89.8	89.7	90.0	86.5	89.9	89.2	
CHEMICAL MATERIALS	95.5	64.2	70.2	69.0	66.9	65.0	63.7	63.9	66.2	65.4	65.1	65.1	65.4	66.2	
ENERGY MATERIALS	94.6	84.8	81.8	80.2	79.9	79.8	80.0	79.0	76.6	77.6	76.8	76.0	77.8	77.4	76.8
SERIES	OUTPUT				CAPACITY				UTILIZATION				1983		
	1982 I	II	III	IV	1983 I	1982 I	II	III	IV	1983 I	1982 I	II	III	IV	1983 I
MATERIALS, TOTAL	138.7	134.7	132.6	128.7	133.3	192.6	193.7	194.6	195.5	196.6	72.0	69.6	68.1	65.8	67.8
DURABLE GOODS MATERIALS	130.9	127.1	124.7	117.1	123.9	196.4	197.3	198.3	199.2	200.2	66.7	64.4	62.9	58.8	61.9
METAL MATERIALS	90.9	77.0	73.0	66.5	77.6	142.3	142.4	142.3	142.4	142.6	63.9	54.1	51.3	46.7	
NONDURABLE GOODS MATERIALS	161.0	156.8	155.1	157.0	160.2	214.6	216.1	217.4	218.9	220.2	75.0	72.6	71.3	71.8	72.8
TEX., PAPER, & CHEM. MAT.	164.5	160.5	158.4	160.8	164.6	225.6	227.3	228.8	230.5	231.9	72.9	70.6	69.2	69.8	71.0
TEXTILE MATERIALS	101.3	101.8	102.0	103.0	106.9	142.1	142.4	142.8	143.1	143.6	71.3	71.5	71.5	72.0	
PAPER MATERIALS	146.1	142.0	145.9	147.6	149.5	163.8	164.6	165.4	166.3	167.0	89.2	86.3	88.2	88.7	
CHEMICAL MATERIALS	200.0	194.0	188.5	191.9	196.3	287.3	289.6	291.9	294.3	296.7	69.6	67.0	64.6	65.2	
ENERGY MATERIALS	129.8	125.5	123.8	121.5	122.8	156.5	157.0	157.6	158.2	158.8	82.9	79.9	78.5	76.8	77.3

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