

FEDERAL RESERVE statistical release



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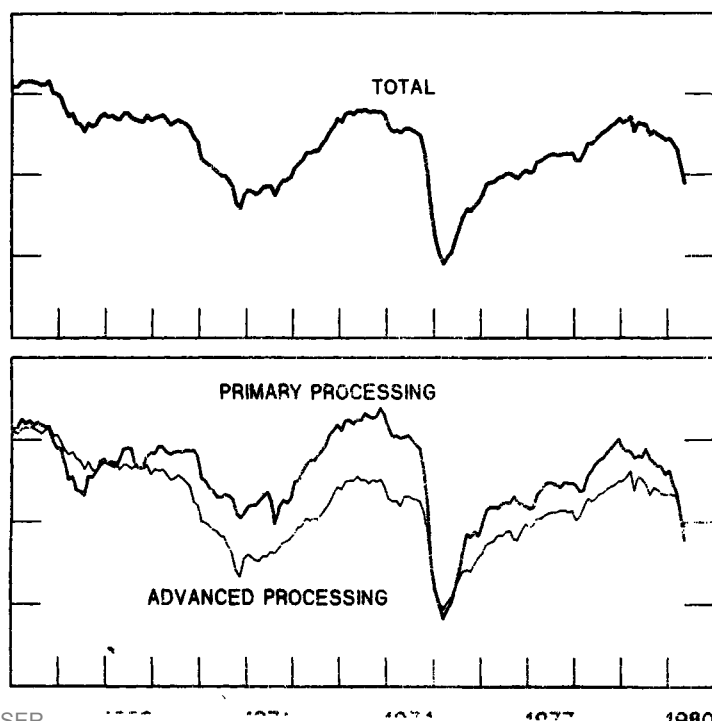
CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS May 1980

Capacity utilization in manufacturing was 78.9 percent in May, down 2.0 percentage points from April. The utilization rate of industrial materials fell 2.3 percentage points to 80.2 percent. Both rates have declined around 8.0 percentage points from their quarterly highs during the latest expansion, and are now lower than in any month since February 1976.

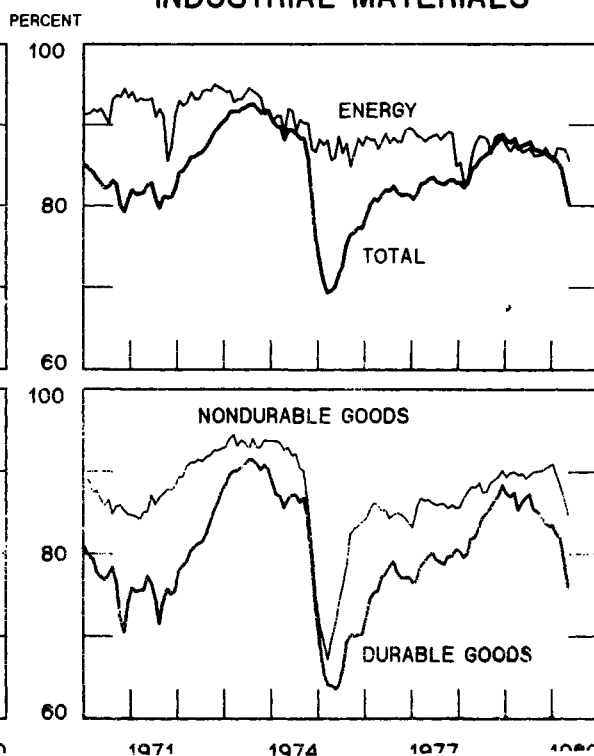
Within manufacturing, falling operating rates were widespread. The utilization rate for primary processing industries dropped 3.1 percentage points further in May to 77.8 percent; the advanced processing industries rate declined more moderately--1.3 percentage points to 79.5 percent. In May, the utilization rates for production of iron and steel, petroleum products, rubber and plastics products, and motor vehicles and parts all fell substantially. For the latter, the operating rate was slightly above its last cyclical low which occurred in February 1975 at 51.3 percent. Sizable cutbacks occurred in operating rates for textiles, paper, chemicals, nonferrous metals, fabricated metals, machinery, aircraft, instruments, and stone, clay, and glass.

Producers of durable goods materials operated at 75.9 percent of capacity in May, a decline of 3.0 percentage points from the April rate. Nondurable goods materials utilization decreased a more moderate 1.8 percentage points to 84.8 percent; and energy materials utilization was off 1.4 percentage points, to 85.5 percent.

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												1980				
	1973 HIGH	1975 LOW	1979 MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.			JAN.	FEB.	MAR.	APR.	MAY
MANUFACTURING, TOTAL	88.0	69.0	86.3	86.2	86.1	84.9	85.3	84.9	84.6	84.3			84.4	83.8	83.1	80.9	78.9
PRIMARY PROCESSING	93.8	68.2	88.0	87.9	88.9	87.7	87.3	86.8	86.7	85.8			86.5	84.6	83.5	80.9	77.8
ADVANCED PROCESSING	85.5	69.4	85.5	85.2	84.6	83.3	84.2	83.9	83.4	83.3			83.4	83.3	82.6	80.9	79.5
	OUTPUT				CAPACITY				1980				UTILIZATION				
	1979 I	II	III	IV	1980 I	II	III	IV	1980 I	II	III	IV	1979 I	II	III	IV	1980 I
MANUFACTURING, TOTAL	153.4	153.1	153.3	153.0	152.6	176.9	178.2	179.5	180.8	182.3			86.7	85.9	85.4	84.6	83.7
PRIMARY PROCESSING	162.1	161.9	163.4	161.8	160.1	182.7	184.2	185.7	187.2	188.7			88.7	87.9	88.0	86.4	84.9
ADVANCED PROCESSING	148.7	148.5	148.1	148.2	148.7	173.8	175.0	176.2	177.4	178.8			85.6	84.8	84.0	83.6	83.1

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION												1980				
	1973 HIGH	1975 LOW	1979 MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.			JAN.	FEB.	MAR.	APR.	MAY
MATERIALS, TOTAL	92.6	69.4	87.4	87.6	87.9	86.9	86.8	86.6	86.4	86.0			86.0	85.4	84.7	82.5	80.2
DURABLE GOODS MATERIALS	91.5	63.6	86.3	86.9	87.3	85.5	85.2	84.7	83.9	83.4			83.6	82.5	82.0	78.9	75.9
METAL MATERIALS	98.2	68.6	87.0	90.4	92.4	89.8	88.4	85.1	84.7	84.2			83.7	81.6	83.1	77.4	
NONDURABLE GOODS MATERIALS	94.5	67.2	89.6	89.2	89.6	90.0	90.1	90.1	90.4	90.7			91.0	89.5	88.2	86.6	84.8
TEX., PAPER, & CHEM. MAT.	95.1	65.3	90.2	89.9	90.2	90.7	91.1	91.0	91.0	91.1			91.2	89.6	88.5	87.0	85.3
TEXTILE MATERIALS	92.6	57.9	86.5	89.4	88.8	87.5	90.3	90.0	89.2	89.5			88.4	88.4	86.5	84.7	
PAPER MATERIALS	99.4	72.4	93.6	94.1	97.3	97.4	98.1	98.2	97.9	97.5			96.0	91.5	92.1	90.9	
CHEMICAL MATERIALS	95.5	64.2	90.2	89.1	88.8	89.8	89.7	89.5	89.8	90.1			90.8	89.4	88.0	86.6	
ENERGY MATERIALS	94.6	84.8	86.6	86.8	87.1	86.1	86.2	86.3	87.2	86.2			85.4	87.1	87.0	86.9	85.5
	OUTPUT				CAPACITY				1980				UTILIZATION				
	1979 I	II	III	IV	1980 I	II	III	IV	1980 I	II	III	IV	1979 I	II	III	IV	1980 I
MATERIALS, TOTAL	155.5	155.6	156.6	156.3	155.9	176.7	178.1	179.5	181.0	182.5			88.0	87.3	87.2	86.3	85.4
DURABLE GOODS MATERIALS	158.4	157.7	158.7	156.3	155.2	181.5	183.0	184.5	186.0	187.7			87.3	86.2	86.0	84.0	82.7
METAL MATERIALS	124.7	124.3	126.9	119.5	117.1	139.8	140.3	140.7	141.1	141.5			89.2	88.5	90.2	84.7	82.8
NONDURABLE GOODS MATERIALS	172.2	173.4	175.7	178.3	178.5	191.7	193.5	195.3	197.3	199.1			89.8	89.6	89.9	90.4	89.6
TEX., PAPER, & CHEM. MAT.	179.1	181.3	184.3	186.9	186.1	199.4	201.3	203.2	205.3	207.3			89.8	90.0	90.7	91.0	89.8
TEXTILE MATERIALS	118.2	119.6	122.4	123.7	121.6	136.9	137.3	137.7	138.1	138.5			86.3	87.1	88.9	89.6	87.8
PAPER MATERIALS	136.9	140.7	147.0	148.4	142.5	148.6	149.6	150.6	151.6	152.9			92.1	94.0	97.6	97.9	93.2
CHEMICAL MATERIALS	222.7	224.8	226.6	230.2	232.0	247.2	250.3	253.3	256.3	259.4			90.1	89.8	89.5	89.8	89.4
ENERGY MATERIALS	127.9	128.1	128.3	129.1	129.6	146.7	147.5	148.3	149.2	149.8			87.1	86.9	86.5	86.6	86.5

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