

FEDERAL RESERVE statistical release



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CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS June 1980

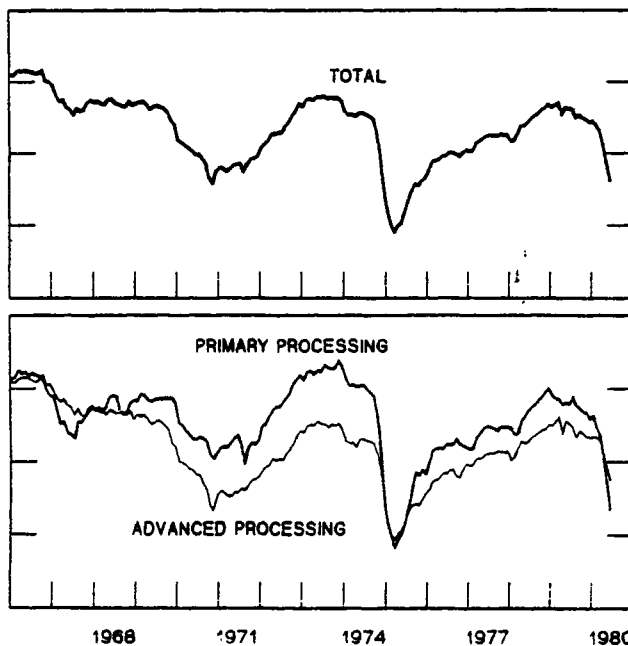
Capacity utilization in manufacturing fell 2.3 percentage points in June to 76.1 percent. The utilization rate of industrial materials declined 3.0 percentage points in June to 76.5 percent. Both rates were the lowest since the fall of 1975.

In the second quarter of 1980, the manufacturing operating rate was 78.4 percent, down from its recent high of 86.7 percent in the first quarter of 1979. The second quarter materials utilization rate was 79.5 percent, 8.7 percentage points below its latest high in the fourth quarter of 1978.

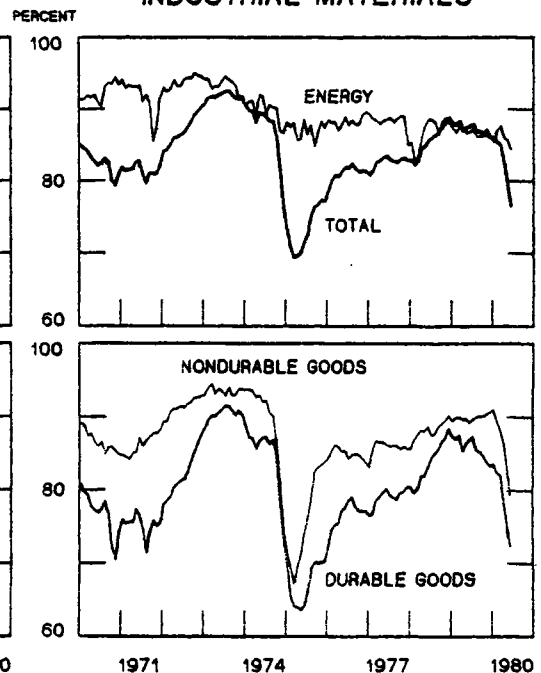
The decline in operating rates again was widespread in manufacturing. In June, the utilization rate for primary processing declined by 3.4 percentage points to 73.5 percent. The advanced processing industries rate fell 1.8 percentage points to 77.5 percent. The monthly utilization rate for the iron and steel industry continued to drop sharply, and the rates for textiles, paper, electrical machinery, nonferrous and fabricated metals all declined substantially. Cutbacks also occurred in the capacity utilization rates for chemicals, petroleum, rubber, nonelectrical machinery, aircraft, and stone, clay, and glass. For motor vehicles and parts, the operating rate in June remained unchanged at about 53 percent, only slightly above its February 1975 cyclical low.

Producers of durable goods materials operated at 72.4 percent of capacity in June, 3.1 percentage points below the May rate. The monthly utilization of nondurable goods materials was off by a more sizable 3.7 percentage points to 79.4 percent. Energy materials utilization decreased from 85.6 percent in May to 84.4 percent in June.

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	1979 JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1980					
										JAN.	FEB.	MAR.	APR.	MAY	JUNE
MANUFACTURING, TOTAL	88.0	69.0	86.2	86.1	84.9	85.3	84.9	84.6	84.3	84.4	83.8	83.1	80.8	78.4	76.1
PRIMARY PROCESSING	93.8	68.2	87.9	88.9	87.7	87.3	86.8	86.7	85.8	86.3	84.6	83.6	80.7	76.9	73.5
ADVANCED PROCESSING	85.5	69.4	85.2	84.6	83.3	84.2	83.9	83.4	83.3	83.4	83.3	82.8	80.9	79.3	77.5

SERIES	OUTPUT						CAPACITY						UTILIZATION					
	1979 II	1979 III	1979 IV	1980 I	1980 II	1980 III	1979 II	1979 III	1979 IV	1980 I	1980 II	1980 III	1980 IV	1980 I	1980 II			
MANUFACTURING, TOTAL	153.1	153.3	153.0	152.7	144.2	178.2	179.5	180.8	182.3	183.8	85.9	85.4	84.6	83.8	78.4			
PRIMARY PROCESSING	161.9	163.4	161.8	160.1	146.4	184.2	185.7	187.2	188.7	190.2	87.9	88.0	86.4	84.9	77.0			
ADVANCED PROCESSING	148.5	148.1	148.2	148.7	142.9	175.0	176.2	177.4	178.8	180.4	84.8	84.0	83.6	83.1	79.2			

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1979 JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1980					
										JAN.	FEB.	MAR.	APR.	MAY	JUNE
MATERIALS, TOTAL	92.6	69.4	87.6	87.9	86.9	86.8	86.6	86.4	86.0	86.0	85.4	84.9	82.4	79.5	76.5
DURABLE GOODS MATERIALS	91.5	63.6	86.9	87.3	85.5	85.2	84.7	83.9	83.4	83.6	82.5	82.1	78.8	75.5	72.4
METAL MATERIALS	98.2	68.6	90.4	92.4	89.8	88.4	85.1	84.7	84.2	83.7	81.6	83.3	77.0	71.3	
NONDURABLE GOODS MATERIALS	94.5	67.2	89.2	89.6	90.0	90.1	90.1	90.4	90.7	91.0	89.5	88.3	86.6	83.1	79.4
TEX., PAPER, & CHEM. MAT.	95.1	65.3	89.9	90.2	90.7	91.1	91.0	91.0	91.1	91.2	89.6	88.6	86.9	83.3	79.4
TEXTILE MATERIALS	92.6	57.9	89.4	88.8	87.5	90.3	90.0	89.2	89.5	88.4	88.4	86.4	84.9	82.2	
PAPER MATERIALS	99.4	72.4	94.1	97.3	97.4	98.1	98.2	97.9	97.5	96.0	91.5	92.4	91.5	88.8	
CHEMICAL MATERIALS	95.5	64.2	89.1	88.8	89.8	89.7	89.5	89.8	90.1	90.8	89.4	88.2	86.3	82.3	
ENERGY MATERIALS	94.6	84.8	86.8	87.1	86.1	86.2	86.3	87.2	86.2	85.4	87.1	87.7	86.0	85.6	84.4

SERIES	OUTPUT						CAPACITY						UTILIZATION					
	1979 II	1979 III	1979 IV	1980 I	1980 II	1980 III	1979 II	1979 III	1979 IV	1980 I	1980 II	1980 III	1980 IV	1980 I	1980 II			
MATERIALS, TOTAL	155.6	156.6	156.3	156.0	146.3	178.1	179.5	181.0	182.5	184.1	87.3	87.2	86.3	85.4	79.5			
DURABLE GOODS MATERIALS	157.7	158.7	156.3	155.2	143.1	183.0	184.5	186.0	187.7	189.3	86.2	86.0	84.0	82.7	75.6			
METAL MATERIALS	124.3	126.9	119.5	117.2		140.3	140.7	141.1	141.5		88.5	90.2	84.7	82.9				
NONDURABLE GOODS MATERIALS	173.4	175.7	178.3	178.5	167.1	193.5	195.3	197.3	199.1	201.3	89.6	89.9	90.4	89.6	83.0			
TEX., PAPER, & CHEM. MAT.	181.3	184.3	186.9	186.2	174.3	201.3	203.2	205.3	207.3	209.6	90.0	90.7	91.0	89.8	83.2			
TEXTILE MATERIALS	119.6	122.4	123.7	121.5		137.3	137.7	138.1	138.5		87.1	88.9	89.6	87.7				
PAPER MATERIALS	140.7	147.0	148.4	142.7		149.6	150.6	151.6	152.9		94.0	97.6	97.9	93.3				
CHEMICAL MATERIALS	224.8	226.6	230.2	232.1		250.3	253.3	256.3	259.4		89.8	89.5	89.8	89.5				
ENERGY MATERIALS	128.1	128.3	129.1	129.9	128.4	147.5	148.3	149.2	149.8	150.5	86.9	86.5	86.6	86.7	85.3			

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 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