

FEDERAL RESERVE statistical release



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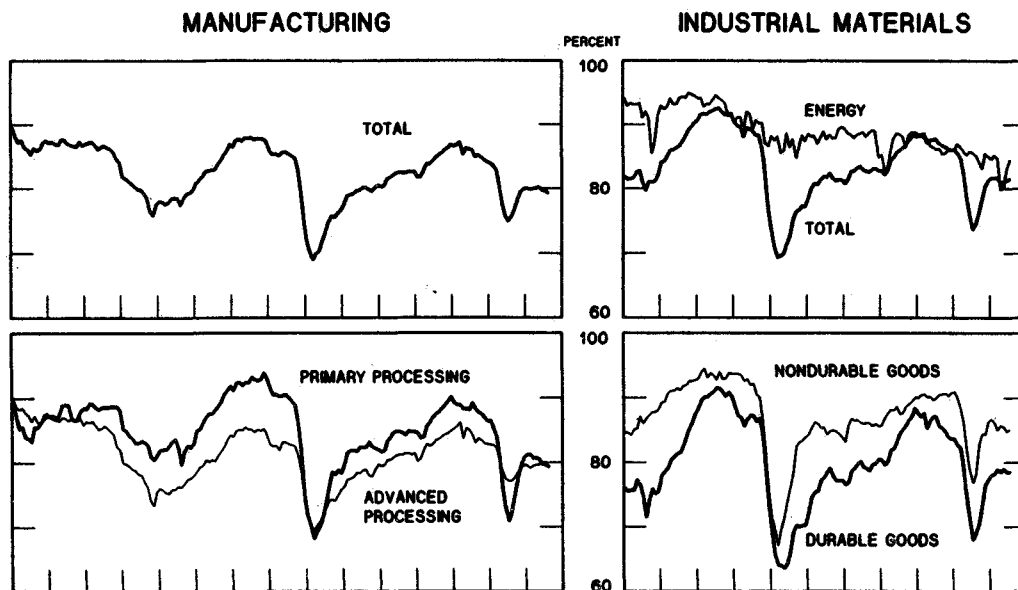
CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS August 1981

Capacity utilization in manufacturing declined 0.6 of a percentage point in August to 79.2 percent--its lowest level since October 1980. Producers of industrial materials operated at 81.2 percent of their capacity in August, down 0.5 of a percentage point from last month.¹

Within manufacturing, the primary processing industries' utilization rate decreased 0.5 of a percentage point in August to 79.3 percent, and the advanced processing industries' rate decreased 0.6 of a percentage point to 79.1 percent. The utilization rate for the motor vehicles and parts industry fell sharply again. Operating rates for producers of food, textiles, rubber and plastics products, iron and steel, fabricated metals, electrical machinery, aerospace and miscellaneous transportation equipment, and stone, clay and glass declined more moderately. In contrast, the operating rate for the petroleum industry increased for the first month since January, and rates also rose for the nonelectrical machinery and instruments industries.

Producers of durable goods materials utilized 78.6 percent of their capacity in August, down 0.5 of a percentage point from July, and the rate for nondurable goods materials producers declined by 0.2 of a percentage point to 83.9 percent. Capacity utilization for energy materials producers fell 1.6 percentage points to 84.1 percent, largely because of declines in coal mining and electricity generation.

1. The estimates of capacity utilization contained in this release have been revised for 1980 and 1981 based on revised capacity indexes (attached) and revised industrial production indexes.



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 AUG.	SEP.	OCT.	NOV.	DEC.	1981								
								JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	
MANUFACTURING, TOTAL	88.0	69.0	75.8	77.0	78.2	79.3	79.8	80.0	79.8	79.8	79.8	80.0	79.7	79.8	79.2	
PRIMARY PROCESSING	93.8	68.2	72.6	75.6	77.6	79.5	80.9	81.5	81.5	80.8	80.7	80.6	79.6	79.8	79.3	
ADVANCED PROCESSING	85.5	69.4	77.3	77.7	78.3	79.0	79.2	79.2	79.0	79.2	79.4	79.8	79.6	79.7	79.1	
	OUTPUT						CAPACITY				UTILIZATION					
	1980 II	III	IV	1981 I	II	1980 II	III	IV	1981 I	II	1980 II	III	IV	1981 I	II	
MANUFACTURING, TOTAL	143.9	141.5	148.6	151.3	152.4	184.8	186.4	187.9	189.4	190.9	77.9	75.9	79.1	79.9	79.8	
PRIMARY PROCESSING	145.0	139.7	152.7	157.5	156.6	189.8	191.2	192.5	193.8	195.0	76.4	73.1	79.3	81.3	80.3	
ADVANCED PROCESSING	143.3	142.3	146.2	148.1	150.2	182.2	183.8	185.5	187.1	188.7	78.7	77.4	78.8	79.1	79.6	

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION															
	1973 HIGH	1975 LOW	1980 AUG.	SEP.	OCT.	NOV.	DEC.	1981								
								JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	
MATERIALS, TOTAL	92.6	69.4	75.0	76.8	78.4	80.5	81.4	82.1	82.3	82.1	81.1	81.2	81.4	81.7	81.2	
DURABLE GOODS MATERIALS	91.5	63.6	69.3	70.5	73.3	76.6	77.1	78.4	78.5	79.2	78.8	79.2	78.8	79.1	78.6	
METAL MATERIALS	98.3	68.6	62.4	63.6	70.5	81.4	80.3	81.9	83.2	83.9	79.9	80.3	78.4	78.2		
NONDURABLE GOODS MATERIALS	94.5	67.2	79.3	83.9	85.1	85.3	87.2	87.3	86.8	85.4	85.9	85.6	84.7	84.1	83.9	
TEX., PAPER, & CHEM. MAT.	95.1	65.3	77.5	82.6	84.5	84.9	87.1	86.7	86.3	85.0	85.5	85.4	84.0	83.4	83.2	
TEXTILE MATERIALS	92.6	57.9	80.9	82.0	81.4	82.4	80.2	82.0	82.2	81.5	81.9	81.7	80.8	81.2		
PAPER MATERIALS	99.4	72.4	90.7	93.8	94.1	94.3	95.0	94.5	94.5	95.3	94.9	93.9	93.0	92.3		
CHEMICAL MATERIALS	95.5	64.2	73.6	80.3	82.9	83.3	86.8	86.0	85.3	83.4	84.1	84.3	82.7	81.8		
ENERGY MATERIALS	94.6	84.8	84.9	83.8	82.7	84.4	84.6	84.9	85.8	85.2	79.9	79.8	83.4	85.7	84.1	
	OUTPUT						CAPACITY				UTILIZATION					
	1980 II	III	IV	1981 I	II	1980 II	III	IV	1981 I	II	1980 II	III	IV	1981 I	II	
MATERIALS, TOTAL	145.0	139.2	149.4	154.2	153.4	183.8	185.1	186.4	187.6	188.9	78.8	75.2	80.1	82.2	81.2	
DURABLE GOODS MATERIALS	140.7	131.4	144.3	150.9	152.3	188.3	189.5	190.6	191.8	192.9	74.7	69.3	75.7	78.7	78.9	
METAL MATERIALS	101.5	87.3	109.4	117.5	112.7	140.9	141.2	141.3	141.5	141.7	72.0	61.8	77.4	83.0	79.5	
NONDURABLE GOODS MATERIALS	166.1	163.2	176.3	179.2	178.7	201.5	203.4	205.3	207.3	209.2	82.4	80.2	85.9	86.5	85.4	
TEX., PAPER, & CHEM. MAT.	171.5	167.0	183.7	186.7	186.3	210.4	212.6	214.9	217.1	219.4	81.5	78.5	85.5	86.0	84.9	
TEXTILE MATERIALS	117.7	113.2	113.7	114.8	114.6	139.1	139.4	139.7	140.1	140.6	84.6	81.2	81.4	81.9	81.5	
PAPER MATERIALS	141.2	143.6	149.7	151.4	151.0	155.9	157.2	158.5	159.7	160.7	90.5	91.3	94.5	94.8	93.9	
CHEMICAL MATERIALS	207.3	200.0	228.2	232.7	232.2	263.6	267.1	270.5	274.1	277.5	78.7	74.9	84.3	84.9	83.7	
ENERGY MATERIALS	129.1	128.4	128.2	130.9	125.0	151.7	152.3	152.8	153.5	154.2	85.1	84.4	83.9	85.3	81.0	

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