

FEDERAL RESERVE statistical release



G.3 (402)

For immediate release
November 16, 1981

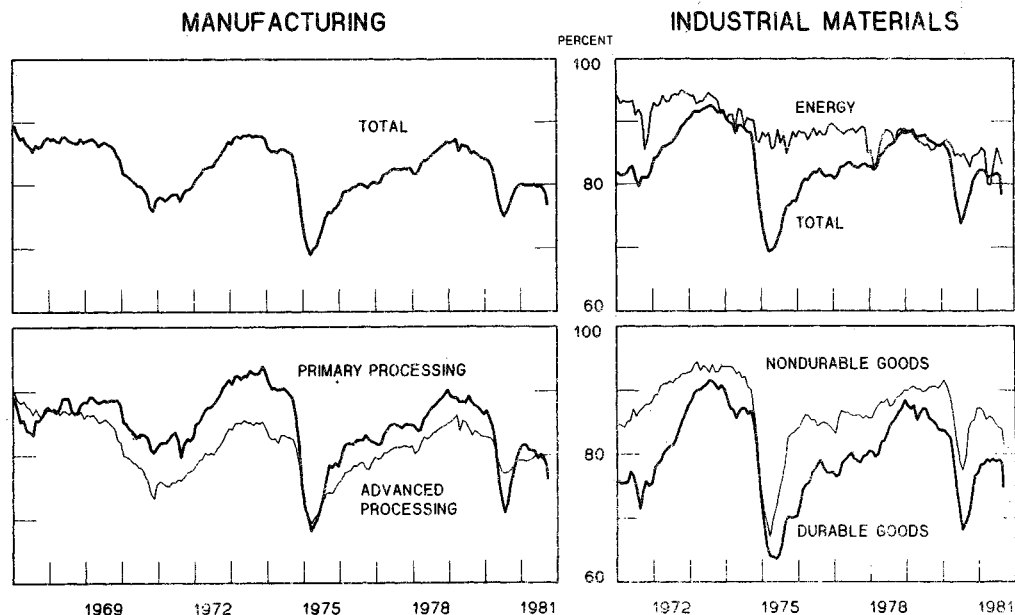
CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS October 1981

Capacity utilization in manufacturing fell 1.5 percentage points in October, following a revised 1.2 percentage point drop in September and a decline of 0.2 of a percentage point in August. At 76.9 percent, the October index for manufacturing is 2.0 percentage points above its July 1980 low.

Producers of industrial materials operated at 78.2 percent of capacity in October, down 2.0 percentage points from their September rate. The operating rate for materials producers had declined 1.4 percentage points (revised) in September and 0.3 of a percentage point in August. The materials utilization rate in October was 4.4 percentage points above its recent low in July 1980.

Within manufacturing, sizable declines in utilization rates were widespread again in October. The rate for the primary processing industries fell 2.1 percentage points to 76.1 percent, and the advanced processing industries rate decreased 1.0 percentage point to 77.4 percent. For the second consecutive month, capacity utilization dropped sharply for producers of iron and steel. The rate for motor vehicles and parts producers also declined quite sharply, and approached its August 1980 low.

The utilization rate for producers of durable goods materials dropped 2.6 percentage points to 74.8 percent, reflecting large declines in the production of aluminum, raw steel, and parts for consumer durable goods and for equipment. Producers of nondurable goods materials utilized 81.3 percent of their capacity in October--a decline of 1.5 percentage points from September, as operating rates decreased for producers of textile, paper, and chemical materials and containers. The operating rate for energy materials production declined from 84.1 percent in September to 83.3 percent in October.



OUTPUT, CAPACITY AND CAPACITY UTILIZATION

Output and Capacity are Percentages of 1967 Output; Capacity Utilization is a Per Cent of Capacity.
Seasonally Adjusted

Manufacturing

MANUFACTURING

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1980 OCT.	NOV.	DEC.	1981 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.
MANUFACTURING, TOTAL	88.0	69.0	78.2	79.3	79.8	80.0	79.8	79.8	79.8	80.0	79.6	79.8	79.6	78.4	76.9
PRIMARY PROCESSING	93.8	68.2	77.6	79.5	80.9	81.5	81.5	80.8	80.7	80.6	79.5	80.1	79.9	78.2	76.1
ADVANCED PROCESSING	85.5	69.4	78.3	79.0	79.2	79.2	79.0	79.2	79.4	79.8	79.7	79.8	79.4	78.4	77.4

SERIES	OUTPUT						CAPACITY						UTILIZATION		
	1980 III	IV	1981 I	II	III	1980 III	IV	1981 I	II	III	1980 III	IV	1981 I	II	III
MANUFACTURING, TOTAL	141.5	148.6	151.3	152.4	152.5	186.4	187.9	189.4	190.9	192.4	75.9	79.1	79.9	79.8	79.3
PRIMARY PROCESSING	139.7	152.7	157.5	156.5	155.8	191.2	192.5	193.8	195.0	196.3	73.1	79.3	81.3	80.3	79.4
ADVANCED PROCESSING	142.3	146.2	148.1	150.2	150.7	183.8	185.5	187.1	188.7	190.4	77.4	78.8	79.1	79.6	79.2

Industrial Materials

INDUSTRIAL MATERIALS

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1980 OCT.	NOV.	DEC.	1981 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.
MATERIALS, TOTAL	92.6	69.4	78.4	80.5	81.4	82.1	82.3	82.1	81.1	81.2	81.3	81.9	81.6	80.2	78.2
DURABLE GOODS MATERIALS	91.5	63.6	73.3	76.6	77.1	78.4	78.5	79.2	78.8	79.2	78.9	79.3	79.5	77.4	74.8
METAL MATERIALS	98.3	68.6	70.5	81.4	80.3	81.9	83.2	83.9	79.9	80.3	78.7	79.5	83.0	78.8	
NONDURABLE GOODS MATERIALS	94.5	67.2	85.1	85.3	87.2	87.3	86.8	85.4	85.9	85.6	84.3	83.9	83.2	82.8	81.3
TEX., PAPER, & CHEM. MAT.	95.1	65.3	84.5	84.9	87.1	86.7	86.3	85.0	85.5	85.4	83.5	83.2	82.4	82.0	80.5
TEXTILE MATERIALS	92.6	57.9	81.4	82.4	80.2	82.0	82.2	81.5	81.9	81.7	80.5	82.0	82.3	81.6	
PAPER MATERIALS	99.4	72.4	94.1	94.3	95.0	94.5	94.5	95.3	94.9	93.9	93.0	92.9	94.0	95.6	
CHEMICAL MATERIALS	95.5	64.2	82.9	83.3	86.8	86.0	85.3	83.4	84.1	84.3	82.0	81.2	79.9	79.1	
ENERGY MATERIALS	94.6	84.8	82.7	84.4	84.6	84.9	85.8	85.2	79.9	79.8	83.7	86.2	85.3	84.1	83.3

SERIES	OUTPUT						CAPACITY						UTILIZATION		
	1980 III	IV	1981 I	II	III	1980 III	IV	1981 I	II	III	1980 III	IV	1981 I	II	III
MATERIALS, TOTAL	139.2	149.4	154.2	153.4	154.4	185.1	186.4	187.6	188.9	190.1	75.2	80.1	82.2	81.2	81.2
DURABLE GOODS MATERIALS	131.4	144.3	150.9	152.3	152.8	189.5	190.6	191.8	192.9	194.0	69.3	75.7	78.7	79.0	78.8
METAL MATERIALS	87.3	109.4	117.5	112.8	114.1	141.2	141.3	141.5	141.7	141.9	61.8	77.4	83.0	79.6	80.4
NONDURABLE GOODS MATERIALS	163.2	176.3	179.2	178.4	175.8	203.4	205.3	207.3	209.2	211.2	80.2	85.9	86.5	85.3	83.3
TEX., PAPER, & CHEM. MAT.	167.0	183.7	186.7	185.9	182.9	212.6	214.9	217.1	219.4	221.7	78.5	85.5	86.0	84.8	82.5
TEXTILE MATERIALS	113.2	113.7	114.8	114.5	115.6	139.4	139.7	140.1	140.6	141.0	81.2	81.4	81.9	81.4	81.9
PAPER MATERIALS	143.6	149.7	151.4	151.0	152.4	157.2	158.5	159.7	160.7	161.9	91.3	94.5	94.8	93.9	94.2
CHEMICAL MATERIALS	200.0	228.2	232.7	231.6	224.9	267.1	270.5	274.1	277.5	281.0	74.9	84.3	84.9	83.5	80.0
ENERGY MATERIALS	128.4	128.2	130.9	125.1	132.0	152.3	152.8	153.5	154.2	155.0	84.4	83.9	85.3	81.1	85.2

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