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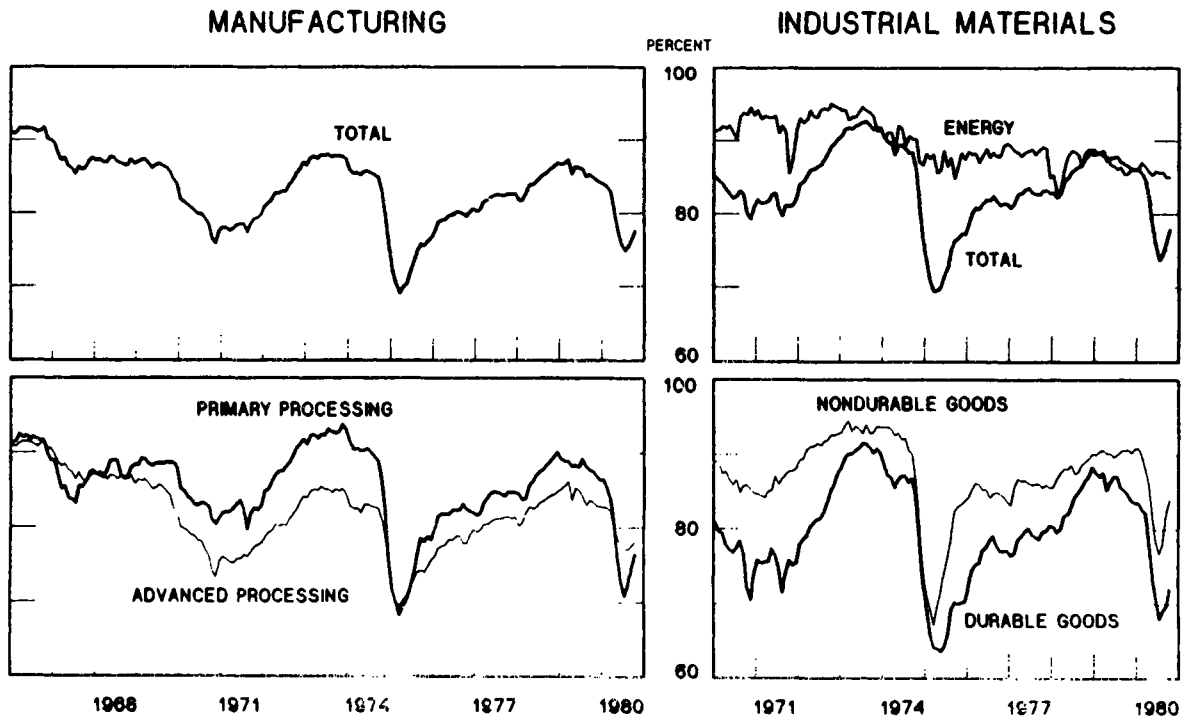
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## CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS October 1980

Capacity utilization in manufacturing increased 1.1 percentage points in October to 77.6 percent. The utilization rate for producers of industrial materials was 77.9 percent in October, up 1.8 percentage points from the September rate. Despite substantial gains since July, the October operating rates for both manufacturing and materials were almost 10 percentage points below their last cyclical highs in 1979.

The utilization rate for the primary processing industries rose 1.9 percentage points in October to 76.5 percent, and the rate for the advanced processing industries climbed 0.6 of a percentage point to 78.2 percent. Among the primary processing industries, the operating rate for the iron and steel industry, which has increased more than 16 percentage points from its very low level in July, continued its rapid rise in October. Large increases also occurred in utilization rates for producers of nonferrous metals, fabricated metal products, chemicals, rubber and plastics, textiles, and stone, clay, and glass. The operating rate for the petroleum industry declined. Among the advanced processing industries, capacity utilization for motor vehicles and parts producers increased sharply in October for the second consecutive month. Sizable increases also occurred in the operating rates for electrical machinery producers for the aerospace and miscellaneous transportation equipment industries.

Producers of durable goods materials utilized 72.1 percent of their capacity in October, 2.4 percentage points above the September rate, and the operating rate for nondurable goods materials rose 1.8 percentage points to 84.1 percent. The utilization rate for energy materials producers remained unchanged at 85.0 percent.



# 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 OCT.	NOV.	DEC.	1980					1979				
						JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.
MANUFACTURING, TOTAL	88.0	69.0	84.8	84.4	84.1	83.9	83.5	82.8	80.3	77.6	75.7	74.9	75.4	76.5	77.6
PRIMARY PROCESSING	93.8	68.2	87.5	86.9	86.3	86.4	85.2	83.8	80.5	75.8	72.7	70.9	72.3	74.6	76.5
ADVANCED PROCESSING	85.5	69.4	83.4	82.9	82.8	82.7	82.6	82.2	80.1	78.6	77.4	77.1	77.1	77.6	78.2

SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1979 III	IV	1980 I	II	III	1979 III	IV	1980 I	II	III	1979 III	IV	1980 I	II	III
MANUFACTURING, TOTAL	153.7	153.4	152.8	143.9	140.8	180.1	181.7	183.3	184.8	186.3	85.3	84.4	83.4	77.9	75.6
PRIMARY PROCESSING	163.9	162.5	160.5	145.0	139.1	185.6	187.1	188.5	190.0	191.5	88.3	86.9	85.1	76.3	72.6
ADVANCED PROCESSING	148.3	148.5	148.8	143.3	141.7	177.3	178.9	180.5	182.0	183.5	83.7	83.0	82.5	78.7	77.2

## Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1979 OCT.	NOV.	DEC.	1980					1979				
						JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.
MATERIALS, TOTAL	92.6	69.4	86.6	86.2	86.1	86.1	85.6	84.7	82.1	78.3	75.7	73.7	74.6	76.1	77.9
DURABLE GOODS MATERIALS	91.5	63.6	84.8	83.9	83.6	83.6	82.7	82.2	78.8	74.1	70.8	68.0	69.1	69.7	72.1
METAL MATERIALS	98.3	68.6	85.4	85.1	84.8	84.1	82.0	83.6	77.2	70.0	67.0	58.4	62.3	64.0	
NONDURABLE GOODS MATERIALS	94.5	67.2	90.7	90.3	90.8	90.9	90.0	88.3	86.1	81.8	78.7	76.8	78.0	82.3	84.1
TEX., PAPER, & CHEM. MAT.	95.1	65.3	91.4	90.9	91.4	91.2	90.3	88.5	86.0	81.3	77.1	74.5	76.1	81.1	83.7
TEXTILE MATERIALS	92.6	57.9	90.0	89.0	89.3	86.6	87.2	86.8	84.6	84.5	81.8	82.0	79.5	82.0	
PAPER MATERIALS	99.4	72.4	96.9	96.9	97.6	96.0	94.4	93.0	90.7	90.8	91.6	88.1	89.6	92.7	
CHEMICAL MATERIALS	95.5	64.2	90.4	89.8	90.5	91.2	90.1	87.9	85.2	78.3	72.7	69.6	72.2	78.2	
ENERGY MATERIALS	94.6	84.8	85.5	86.1	86.0	86.2	87.0	86.5	85.8	85.3	85.8	85.6	85.7	85.0	85.0

SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1979 III	IV	1980 I	II	III	1979 III	IV	1980 I	II	III	1979 III	IV	1980 I	II	III
MATERIALS, TOTAL	156.9	156.5	156.3	145.1	139.0	179.8	181.2	182.8	184.3	185.8	87.2	86.3	85.5	79.7	74.8
DURABLE GOODS MATERIALS	158.6	156.3	155.0	140.6	131.1	184.3	185.7	187.2	188.6	190.0	86.0	84.1	82.8	74.6	69.0
METAL MATERIALS	126.3	119.6	117.1	100.6	86.8	140.3	140.6	140.7	140.8	140.9	90.0	85.1	83.2	71.4	61.6
NONDURABLE GOODS MATERIALS	176.8	179.2	179.3	166.0	161.5	195.6	197.6	199.8	202.0	204.3	90.4	90.6	89.7	82.2	79.0
TEX., PAPER, & CHEM. MAT.	185.0	187.9	187.5	171.9	165.0	203.7	205.8	208.3	211.0	213.7	90.8	91.2	90.0	81.5	77.2
TEXTILE MATERIALS	122.7	123.8	120.6	116.4	113.3	137.9	138.4	138.8	139.2	139.6	89.0	89.4	86.9	83.7	81.2
PAPER MATERIALS	146.8	148.9	146.1	142.1	141.9	151.9	153.3	154.7	156.0	157.4	96.7	97.1	94.5	91.0	90.1
CHEMICAL MATERIALS	227.7	231.8	233.6	208.3	197.2	253.6	256.8	260.4	264.6	268.7	89.8	90.2	89.7	78.7	73.3
ENERGY MATERIALS	128.2	129.0	130.8	130.0	130.3	149.2	150.3	151.1	151.8	152.6	85.9	85.9	86.6	85.6	85.0

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 INDICES OF INDUSTRIAL PRODUCTION TO (2) THE CORRESPONDING INDICES 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 LOMS 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