INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION

AUGUST 2003- (Source US Dept of Labor Statistics)

Industrial production rose 0.1 percent in August after having risen 0.7 percent in July. Manufacturing output edged down 0.1 percent in August after three consecutive months of gains. The production at utilities moved up 1.9 percent, and mining output increased 0.2 percent. At 110.2 percent of its 1997 average, industrial production was 1.0 percent lower than its level in August 2002. Capacity utilization for total industry was unchanged in August, at 74.6 percent, a rate 6.7 percentage points below its 1972-2002 average.

INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION: SUMMARY

Seasonally adjusted

Industrial production	1997=100 2003 May	June	July	Aug.	Percent change 2003 May	June	July	Aug.	Aug. '02 to Aug. '03
Total index	109.5	109.3	110.1	110.2	.0	-.1	.7	.1	-1.0
Previous estimates	109.5	109.5	110.0		.1	.0	.5		
Major market groups									
Final Products	106.4	106.4	106.9	107.0	.1	.1	.5	.1	-.5
Consumer goods	106.7	106.6	107.2	107.1	-.1	.0	.5	-.2	-.6
Business equipment	105.1	105.4	105.7	106.3	.2	.4	.3	.5	-1.7
Nonindustrial supplies	113.4	112.9	113.5	113.8	.4	-.5	.5	.3	-1.3
Construction	101.5	101.4	101.6	101.9	.5	-.1	.2	.3	-2.8
Materials	111.1	110.9	112.1	112.1	-.3	-.2	1.1	.0	-1.3
Major industry groups									
Mfg(see note below)	110.2	110.4	110.9	110.7	.1	.2	.4	-.1	-1.4
Previous estimates	110.3	110.6	110.8		.2	.3	.2		
Mining	92.7	93.1	93.4	93.5	-.3	.4	.3	.2	-.4
Utilities	111.1	107.4	111.5	113.6	-.9	-3.3	3.8	1.9	2.9

Capacity utilization	Percent of capacity: Average 1972-2002	1982 Low	1988-89 High	2002 Aug.	2003 May	June	July	Aug.	Capacity growth Aug. '02 to Aug. '03
Total industry	81.3	70.8	85.1	76.1	74.3	74.1	74.6	74.6	1.1
Previous estimates					74.3	74.2	74.5		
Mfg (see note below)	80.2	68.6	85.6	74.3	72.5	72.6	72.9	72.7	.7
Previous estimates					72.6	72.7	72.8		
Mining	86.9	78.6	85.6	85.3	83.9	84.3	84.5	84.6	.4
Utilities	86.7	77.2	92.6	86.5	83.4	80.4	83.2	84.4	5.5
Stage-of-process groups									
Crude	86.4	77.2	88.6	83.9	81.9	82.1	82.7	82.6	-.1
Primary and semifinished	82.2	67.9	86.2	78.4	76.4	75.7	76.5	76.6	1.4
Finished	78.5	71.3	83.1	71.7	70.1	70.4	70.5	70.4	.8

r Revised. p Preliminary.

The statistics in this release cover output, capacity, and capacity utilization in the industrial sector, which the Federal Reserve defines as manufacturing, mining, and electric and gas utilities. Manufacturing comprises those industries included in the North American Industry Classification System, or NAICS, manufacturing plus the logging and newspaper, periodical, book and directory publishing industries that have traditionally been considered manufacturing and included in the industrial sector.

Market Groups

The output of consumer goods dipped 0.2 percent in August. Consumer durables production fell 1.3 percent, a decrease largely due to a 2.0 percent drop in the production of automotive products. The production of appliances, furniture, and carpeting was unchanged after having risen 0.6 percent in July; the output of home electronics climbed 2.3 percent. The production of consumer nondurables edged up 0.2 percent last month. A gain in the production of consumer energy products outweighed declines in the production of clothing and paper products.

The production of business equipment rose 0.5 percent in August after increases that averaged 0.3 percent for the previous three months. A 2.0 percent rise in the production of information processing and related equipment reflected another increase in the output of computers for business use; in addition, a step-up in the production of communications equipment more than reversed a sharp decline in July. The output of industrial and other equipment rose 0.3 percent, with farm machinery accounting for a large part of the increase. The 1.7 percent decline in the production of transit equipment resulted from decreased assemblies of trucks and automobiles for business use. The output of defense and space equipment rose further, to a level 6.5 percent higher than that of a year earlier. The output of construction supplies increased 0.3 percent in August, and the output of business supplies rose 0.4 percent, the latter gain due, in part, to increased commercial use of electricity. The production of materials was unchanged; a 0.3 percent decline in the output of industrial materials offset a 0.6 percent rise in the output of energy materials.

Industry Groups

The 0.1 percent decrease in manufacturing output reflected a 0.2 percent decrease in the production of durables and a 0.1 percent decrease in nondurables. Among durables, the output of motor vehicles and parts, which dropped 2.6 percent, was reduced, in part, by the power outage that affected several states and some start-up problems associated with model changeovers. Weakness in the production of steel led to at 3.1 percent decline in the production of primary metal products. Output in the iron and steel industry now stands about 13 percent below its August 2002 level. Among nondurable manufacturing industries, output reductions at textile mills and textile product mills followed plant shutdowns over the summer at a major producer. Apparel production continued its recent decline and stood in August about 14 percent below its August 2002 level. In contrast, the production of paper and products rose 0.3 percent after having risen 0.5 percent in July, and the output of petroleum products rose sharply for a second month.

The gain in mining output was in part due to increases in natural gas extraction and the production of liquified petroleum. As a result, capacity utilization in mining increased to 84.6 percent. The rise in utilities output came from a 2.0 percent increase in electric power generation and transmission and a 1.0 percent increase in natural gas distribution. The operating rate at utilities moved up to 84.4 percent.

The factory operating rate edged down to 72.7 percent in August. By stage-of-processing category, capacity utilization for industries in the crude stage decreased 0.1 percentage point in August, to 82.6 percent. Utilization for industries in the primary stage rose 0.1 percentage point, to 76.6 percent. Utilization for industries in the finished goods stage edged down 0.1 percentage point, to 70.4 percent.

Revision of Industrial Production and Capacity Utilization

On the afternoon of November 10, 2003, the Federal Reserve Board will publish a revision to the index of industrial production (IP), the related measures of capacity and capacity utilization, and the data on industrial use of electric power. The updated measures will reflect the incorporation of newly available, more comprehensive source data typical of annual revisions. The updating of source data for IP in the 2003 annual revision will include annual data from the Census Bureau's 2001 Annual Survey of Manufactures and from selected editions of its 2001 and 2002 Current Industrial Reports. Annual data from the U.S. Geological Survey regarding metallic and nonmetallic minerals (except fuels) for 2001 and 2002 will also be introduced. The updating will include revisions to the monthly indicator for each industry (either physical product data, production-worker hours, or electric power usage) and revisions to seasonal factors.

Capacity and capacity utilization will be revised to incorporate preliminary data from the 2002 Survey of Plant Capacity of the Bureau of the Census, which covers manufacturing, along with other new data on capacity from the U.S. Geological Survey, the Department of Energy, and other organizations. The statistics on the industrial use of electric power will incorporate additional information received from utilities for the past few years and will include some data from the 2001 Annual Survey of Manufactures.