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Canada

RATE OF CAPACITY UTILIZATION

Second Quarter, 1988

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RATE OF CAPACITY UTILIZATION

Second Quarter, 1988

Statistical Analysis
Policy and Evaluation
Industry, Science and Technology Canada

September 1988

DEPARTMENT OF EDUCATION
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FOREWORD

The Rates of Capacity Utilization published by Industry, Science and Technology Canada (ISTC) are based on the Wharton School method of estimating capacity utilization, usually referred to as the "trend-through-peaks" method. Notes on the methodology used in computing these rates were included as a supplement to the First Quarter 1980 release.

Many conceptual and measurement problems surround the calculation of capacity utilization. Consequently, the utilization rates presented here should be treated as statistical estimates. These rates are more useful when they are considered in conjunction with other data related to industrial performance.

It should be pointed out that this report incorporates the impact of revisions back to 1984 in the industrial production data published by Statistics Canada.

RATE OF CAPACITY UTILIZATION - CANADA

SECOND QUARTER 1988

The overall rate of capacity utilization in Canadian industry recorded in the second quarter of 1988 was 88.0 percent, an increase of 0.2 percentage points from the rate of 87.8 percent reported for the previous quarter (Table 1). It is about 4 percentage points above the level attained in the second quarter of 1987 and substantially higher than the average rate of 79.6 percent over the 1981-1987 period (Table 5). It is the highest rate since a low of 68.7 percent was reached in the fourth quarter of 1982 during the 1981-1982 recession (Chart 1). However, it is still below the pre-recession peak (89.3 percent) attained in the third quarter of 1979.

Three broad industry categories comprise the overall measure of industrial capacity: mining (including quarrying and oil wells), manufacturing, and electric utilities (including gas and water utilities). Of these three categories, on a seasonally adjusted basis, mining showed an increase in operating rates between the first and second quarters of 1988 while utilities registered a decline and manufacturing remained unchanged (Table 2).

For the mining sector, the increase was 2.0 percentage points. Its current level of 88.9 percent is 9.2 percentage points higher than the level recorded in the second quarter of 1987. The data presented in Table 1 show that the current capacity utilization rate in mining is the highest since 1982. It is significantly above the average annual rate of 73.4 percent for the 1981-1987 period, as well as the average rate of 77.4 percent for the 1971-1980 period (Table 5).

At 78.2 percent, the utilities sector showed a decrease of 1.4 percentage points in the second quarter of 1988 from the first quarter rate of 79.6 percent. The current rate is also substantially (2.6 percentage points) below its level a year ago. It is also less than the average rate experienced over the 1981-1987 period (80.0 percent) and well below the average rate for the 1971-1980 period (93.3 percent).

As already mentioned, the second quarter capacity utilization rate in the manufacturing sector remained unchanged from the first quarter at 89.2 percent. It was, however, 3.6 percentage points above the level attained a year ago in the second quarter of 1987, and substantially above the average annual rate of 81.3 percent over the 1981-1987 period.

The capacity utilization rate for the non-durables segment of manufacturing registered a decrease of 0.2 percentage points (to reach 89.2 percent) from its first quarter level of 89.4 percent. Among the 13 industries which make up this segment of manufacturing, nine recorded a decline in their operating rates during the second quarter of 1988, the largest decrease (-2.8 percentage points) being in textile products. Four industries recorded an increase; the most significant increases occurred in the tobacco and printing and publishing industries, 3.7 and 1.7 points, respectively (Table 2).

The capacity utilization rate in durable manufacturing was at 89.1 percent in the second quarter, up 0.1 percentage points from the first quarter of 1988. Six of the nine industries belonging to this segment of manufacturing recorded lower utilization rates during this quarter, with fabricated metal and furniture and fixtures showing the largest declines of 2.8 and 2.5 percentage points, respectively. Transportation equipment and primary metals showed increases of 3.7 and 1.8 percentage points, respectively.

Detailed comparative tables and charts are included in this report. Data for the years 1971-1981 are available upon request.

TABLES / CHARTS

Table 1

**CAPACITY UTILIZATION - CANADA
MAJOR SECTORS**

YEAR		INDUSTRIAL	MINING	MANUFACTURING			UTILITIES
				TOTAL	NON-DURABLE	DURABLE	
1982	1	75.3	64.1	77.4	81.7	73.6	82.5
	2	71.3	63.4	72.6	77.5	68.1	77.4
	3	69.6	62.1	70.8	77.7	64.6	75.6
	4	68.7	64.1	69.2	77.5	61.6	74.7
1983	1	70.3	63.4	71.5	80.1	63.7	76.1
	2	72.5	65.4	73.4	81.7	66.1	79.8
	3	75.4	70.6	76.0	83.8	69.0	80.3
	4	77.0	71.2	78.1	83.9	72.9	80.1
1984	1	78.1	73.2	79.5	83.7	75.7	77.7
	2	80.7	77.8	81.7	86.7	77.3	79.7
	3	81.5	78.4	82.7	86.7	79.1	79.5
	4	81.3	78.4	82.4	85.7	79.3	80.0
1985	1	81.8	80.4	84.2	85.1	80.1	80.5
	2	82.3	81.0	83.0	84.4	81.8	79.6
	3	83.0	79.1	84.5	84.7	84.4	80.1
	4	84.1	81.0	85.3	87.1	83.6	82.0
1986	1	83.1	79.7	84.5	86.9	82.3	79.7
	2	82.7	78.4	84.5	87.2	82.1	78.9
	3	81.7	77.1	83.5	86.7	80.5	78.0
	4	82.1	77.8	83.7	86.6	81.2	79.2
1987	1	83.1	78.4	85.0	87.3	82.8	79.0
	2	83.9	79.7	85.6	88.1	83.3	80.8
	3	85.5	83.7	86.7	88.6	85.0	80.6
	4	87.3	85.5	88.9	89.2	88.7	79.1
1988	1	87.8	86.9	89.2	89.4	89.0	79.6
	2	88.0	88.9	89.2	89.2	89.1	78.2

Chart 1

CAPACITY UTILIZATION
Industrial Sector (Canada)

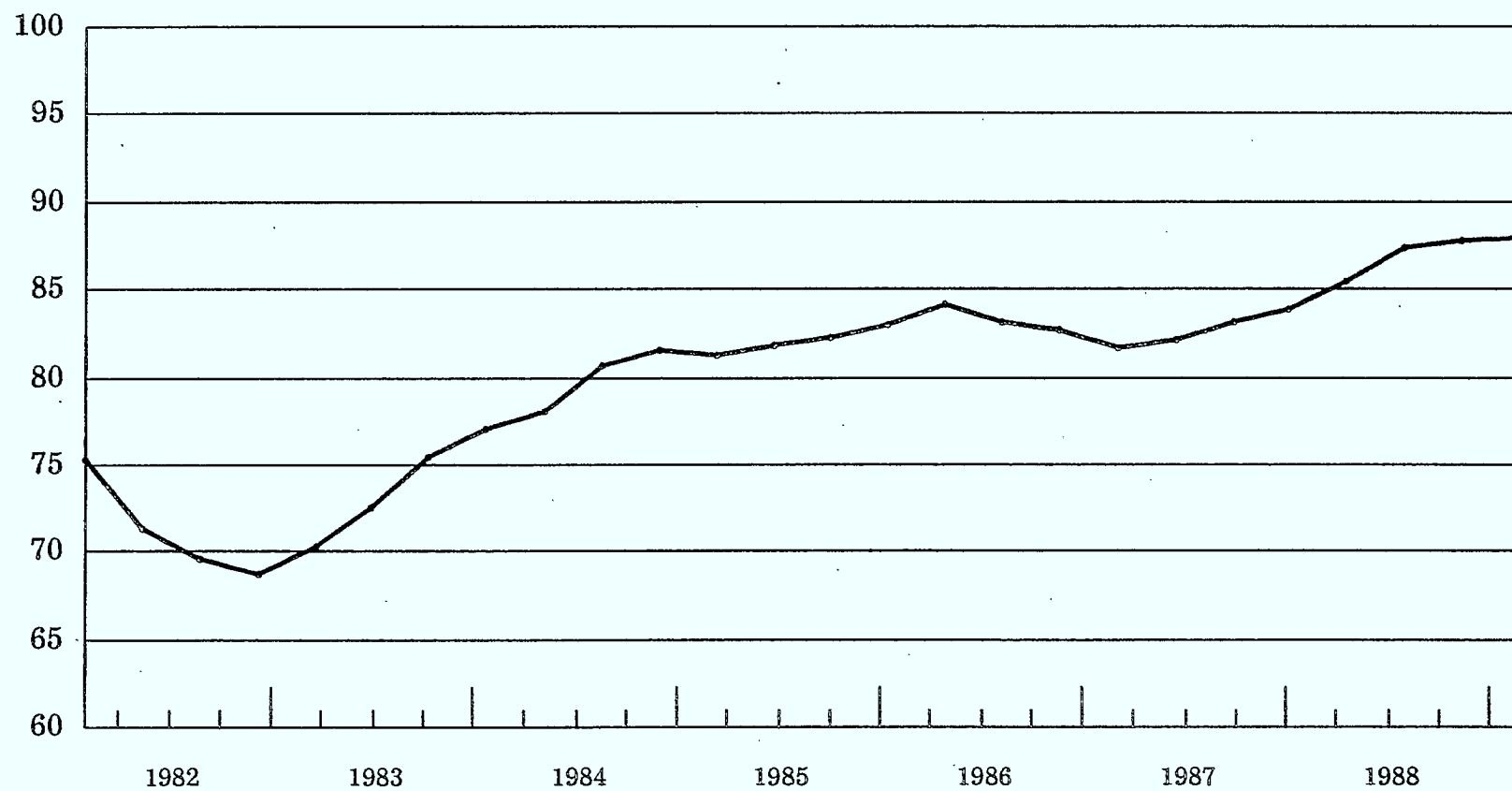


Table 2

CAPACITY UTILIZATION

		Percentage Points Changes From			
	II Q. 1988 Level	I Q. 1988	II Q. 1987	Last Peak	
Industrial	88.0	0.2	4.1	-9.4	(I,1974)
Mining	88.9	2.0	9.2	-11.1	(III,1973)
Manufacturing	89.2	0.0	3.6	-9.0	(I,1974)
Non-Durables	89.2	-0.2	1.1	-8.7	(I,1974)
Food	91.8	-0.4	0.0	-8.2	(IV,1973)
Beverage	72.1	-0.3	1.1	-27.9	(II,1974)
Tobacco	48.1	3.7	0.0	-51.9	(IV,1977)
Rubber	79.5	-0.3	-1.1	-20.5	(IV,1984)
Plastics	99.1	-0.4	2.7	-0.9	(IV,1987)
Leather	78.5	-2.0	-3.1	-21.5	(I,1981)
Prim. Textile	95.9	-2.1	0.9	-4.1	(IV,1987)
Textile Prod.	95.2	-2.8	0.8	-4.8	(IV,1987)
Clothing	97.1	-1.9	-2.0	-2.9	(III,1987)
Paper & Allied	96.6	0.9	3.5	-3.4	(II,1974)
Printing & Publ.	95.7	1.7	4.4	-4.3	(II,1981)
Ref. Pet. & Coal	80.6	0.8	4.0	-19.4	(III,1983)
Chem. & Chem. Prod.	77.2	-1.3	-1.5	-22.8	(II,1973)
Durables	89.1	0.1	5.8	-9.4	(I,1974)
Wood	93.2	0.4	0.6	-6.8	(IV,1987)
Furniture & Fixtures	90.0	-2.5	3.7	-10.0	(I,1974)
Primary Metals	89.8	1.8	8.7	-10.2	(III,1974)
Metal Fab.	96.0	-2.8	2.2	-4.0	(I,1980)
Machinery	68.4	-1.2	6.4	-31.6	(III,1979)
Trans. Equip.	86.8	3.7	10.7	-13.2	(I,1979)
Electrical Products	98.9	-1.1	7.0	-1.1	(I,1988)
Non-Met. Min.	98.4	-1.6	2.5	-1.6	(I,1988)
Other Mfg.	70.2	-0.6	0.5	-29.8	(II,1979)
Electric Power, Gas. W. Util.	78.2	-1.4	-2.6	-21.8	(III,1973)

Chart 2

CAPACITY UTILIZATION
Major Sectors (Canada)

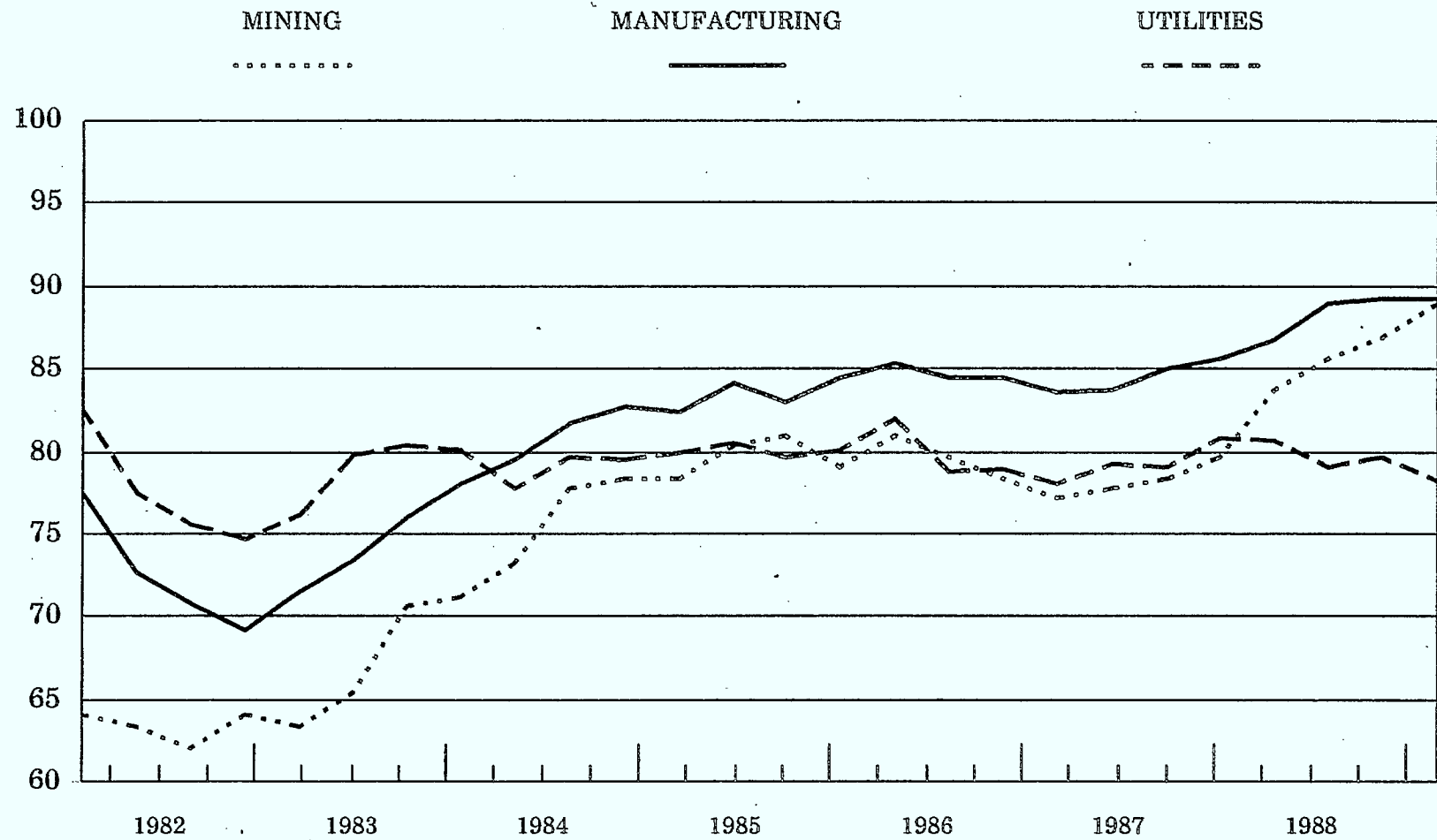


Chart 3

CAPACITY UTILIZATION
Major Sectors (Canada)

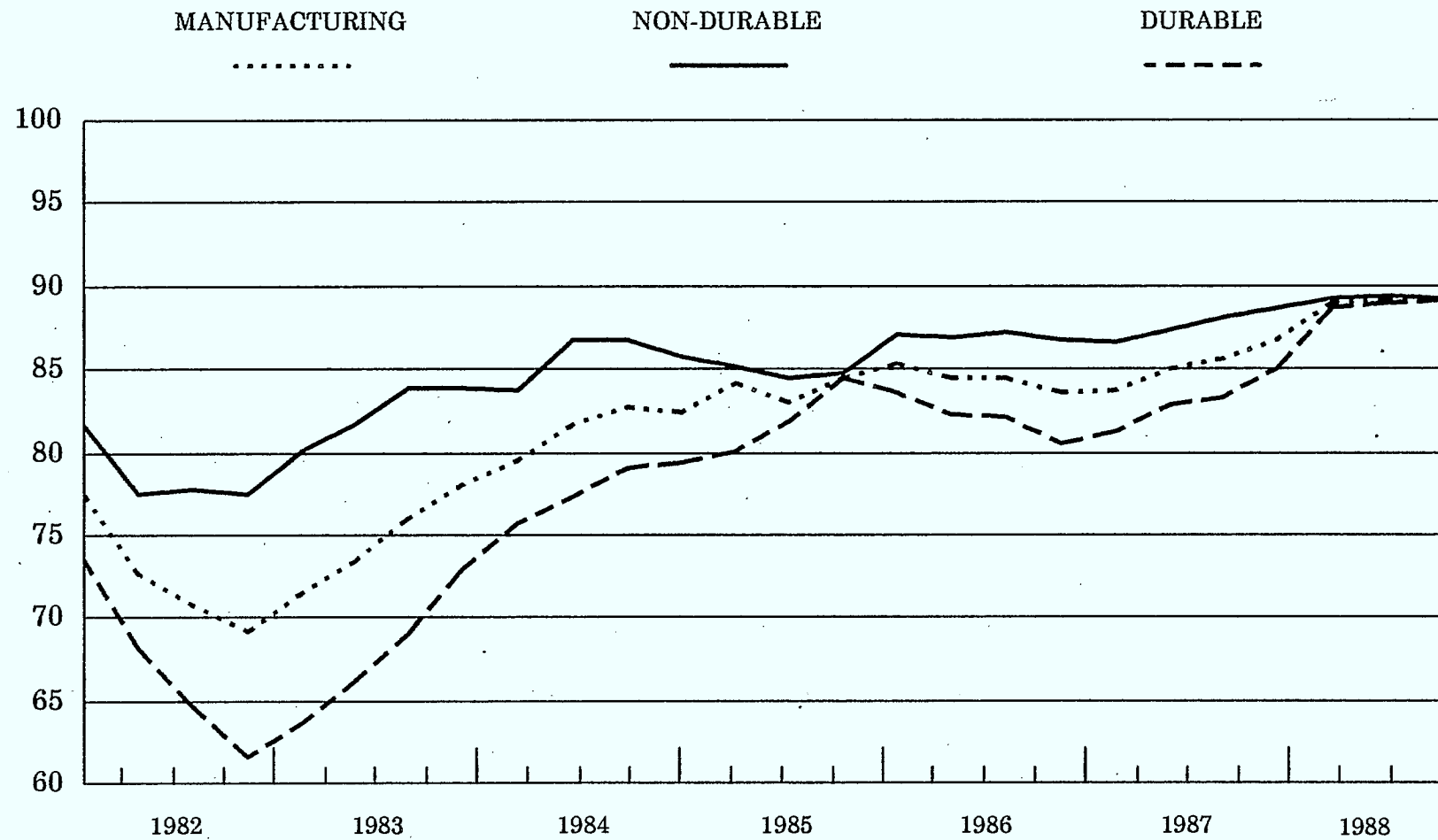


Table 3

**MANUFACTURING INDUSTRIES
CAPACITY UTILIZATION
NON-DURABLE**

YEAR	NON-DURABLE	FOOD	BEVERAGES	TOBACCO	RUBBER
1982 1	81.7	89.7	73.7	83.5	67.8
2	77.5	90.2	72.7	84.0	63.8
3	77.7	91.5	69.3	80.3	67.3
4	77.5	88.4	68.2	80.0	62.6
1983 1	80.1	88.0	67.2	78.8	70.5
2	81.7	86.6	65.4	72.7	73.3
3	83.8	85.3	68.2	69.1	75.2
4	83.9	85.8	67.2	70.5	82.3
1984 1	83.7	89.7	67.7	71.8	87.9
2	86.7	88.4	69.7	68.3	91.2
3	86.7	88.9	70.2	64.8	94.5
4	85.7	88.5	69.2	66.9	100.0
1985 1	85.1	88.9	68.9	59.4	89.5
2	84.4	90.2	68.7	59.2	94.3
3	84.7	91.4	68.4	53.4	96.1
4	87.1	93.5	69.6	51.6	93.6
1986 1	86.9	91.4	71.6	52.2	95.5
2	87.2	92.7	73.5	46.5	87.3
3	86.7	92.2	70.3	51.8	79.2
4	86.6	92.6	72.3	47.7	79.7
1987 1	87.3	92.2	69.8	48.2	78.7
2	88.1	91.8	71.0	48.1	80.6
3	88.6	91.4	70.8	47.9	83.1
4	89.2	90.2	71.2	45.4	82.8
1988 1	89.4	92.2	72.4	44.4	79.8
2	89.2	91.8	72.1	48.1	79.5

Table 3 (cont'd)

**MANUFACTURING INDUSTRIES
CAPACITY UTILIZATION
NON-DURABLE**

YEAR	NON-DURABLE	PLASTICS	LEATHER	PRIM. TEXTILE	TEXTILE PRODUCTS	CLOTHING
1982 1	81.7	81.3	89.1	75.3	74.7	86.4
2	77.5	73.4	81.5	63.3	67.2	81.7
3	77.7	74.0	82.3	63.0	70.7	82.6
4	77.5	74.6	77.5	72.6	75.0	79.7
1983 1	80.1	77.6	81.2	83.0	83.9	82.5
2	81.7	79.7	84.0	91.5	88.2	82.4
3	83.8	83.3	87.6	92.0	89.7	81.5
4	83.9	86.0	93.2	92.5	89.5	82.3
1984 1	83.7	88.7	96.9	86.9	89.3	86.0
2	86.7	91.2	97.7	88.3	91.8	90.6
3	86.7	86.4	94.8	85.3	88.0	87.7
4	85.7	88.9	89.1	84.1	86.0	89.5
1985 1	85.1	90.0	87.1	84.6	84.0	88.6
2	84.4	92.4	90.7	82.5	84.7	88.5
3	84.7	93.4	92.5	87.4	89.8	88.5
4	87.1	94.4	92.4	85.3	91.4	95.8
1986 1	86.9	91.2	93.3	85.0	90.3	94.8
2	87.2	90.8	88.5	85.5	91.8	95.7
3	86.7	92.4	91.2	86.0	88.1	96.5
4	86.6	91.4	91.1	87.3	88.8	94.7
1987 1	87.3	95.6	86.4	92.8	93.8	97.4
2	88.1	96.4	81.6	95.0	94.4	99.1
3	88.6	97.3	82.5	96.2	95.9	100.0
4	89.2	100.0	81.5	100.0	100.0	96.3
1988 1	89.4	99.5	80.5	98.0	98.0	99.0
2	89.2	99.1	78.5	95.9	95.2	97.1

Table 3 (cont'd)

**MANUFACTURING INDUSTRIES
CAPACITY UTILIZATION
NON-DURABLE**

YEAR	NON-DURABLE	PAPER & ALLIED	PRINT & PUB.	REFINED PETROL & COAL	CHEM. & CHEM. PRODUCTS
1982 1	81.7	78.4	91.7	73.4	73.6
2	77.5	73.3	87.1	61.3	68.0
3	77.7	71.6	84.5	70.2	69.6
4	77.5	71.6	82.8	94.4	69.6
1983 1	80.1	77.6	84.9	72.6	75.0
2	81.7	81.9	86.0	71.0	77.9
3	83.8	85.3	87.1	100.0	80.9
4	83.9	86.2	87.3	75.0	81.5
1984 1	83.7	78.4	89.3	78.2	79.9
2	86.7	87.9	90.3	77.4	83.4
3	86.7	88.8	91.4	72.6	85.4
4	85.7	87.1	90.6	71.0	81.7
1985 1	85.1	85.3	89.9	72.6	83.0
2	84.4	82.8	90.1	75.0	78.0
3	84.7	81.9	89.4	72.6	78.6
4	87.1	86.2	92.1	75.8	79.9
1986 1	86.9	87.9	92.2	72.6	79.8
2	87.2	90.5	92.4	73.4	77.0
3	86.7	90.5	91.7	75.8	76.3
4	86.6	90.5	90.2	72.6	76.9
1987 1	87.3	93.1	90.3	75.8	75.5
2	88.1	93.1	91.3	76.6	78.7
3	88.6	94.0	93.0	76.6	78.6
4	89.2	96.6	94.7	76.6	79.2
1988 1	89.4	95.7	94.0	79.8	78.5
2	89.2	96.6	95.7	80.6	77.2

Table 4

**MANUFACTURING INDUSTRIES
CAPACITY UTILIZATION
DURABLE**

YEAR	DURABLE	WOOD	FURNITURE & FIXTURES	PRIMARY METALS	FAB. METAL	MACHINERY
1982 1	73.6	65.9	66.6	68.5	89.4	74.3
2	68.1	63.6	61.5	58.2	79.1	63.5
3	64.6	62.9	59.7	50.4	75.2	58.7
4	61.6	63.0	62.0	52.5	72.3	54.8
1983 1	63.7	71.6	65.9	54.5	72.2	51.0
2	66.1	72.4	68.1	62.6	73.0	52.2
3	69.0	81.5	72.0	66.9	74.8	54.2
4	72.9	77.7	73.4	71.9	76.5	56.1
1984 1	75.7	75.5	77.2	74.6	78.2	60.4
2	77.3	82.1	73.8	76.6	78.1	63.8
3	79.1	84.2	72.0	78.5	78.9	63.2
4	79.3	86.3	73.4	77.5	81.5	62.7
1985 1	80.1	84.7	75.6	77.9	85.1	61.4
2	81.8	86.1	81.0	79.9	87.7	62.4
3	84.4	92.3	83.1	82.5	90.3	62.6
4	83.6	93.5	84.5	80.0	91.0	62.1
1986 1	82.3	90.6	83.5	79.7	87.3	62.3
2	82.1	92.5	83.2	76.5	88.0	64.8
3	80.5	83.6	84.6	76.3	88.8	62.8
4	81.2	81.5	84.4	79.6	87.8	62.3
1987 1	82.8	92.7	84.9	81.4	91.3	61.8
2	83.3	92.6	86.3	81.1	93.8	62.0
3	85.0	99.6	89.1	83.0	95.5	63.7
4	88.7	100.0	92.0	87.6	98.1	68.8
1988 1	89.0	92.8	92.5	88.0	98.8	69.6
2	89.1	93.2	90.0	89.8	96.0	68.4

Table 4 (cont'd)

**MANUFACTURING INDUSTRIES
CAPACITY UTILIZATION
DURABLE**

YEAR	DURABLE	TRANS. EQUIP.	ELECT. PROD.	NON-METALLIC MINERALS	OTHER MFG.
1982 1	73.6	61.1	84.2	69.7	78.5
2	68.1	63.8	80.3	60.7	76.8
3	64.6	63.9	74.8	59.8	71.9
4	61.6	53.5	72.1	60.7	68.8
1983 1	63.7	60.1	70.4	65.6	66.4
2	66.1	63.4	68.7	69.7	67.9
3	69.0	66.7	69.3	71.3	68.7
4	72.9	78.0	73.6	71.3	70.9
1984 1	75.7	81.7	77.0	74.6	76.8
2	77.3	79.8	83.0	76.2	73.7
3	79.1	84.0	86.1	76.2	74.4
4	79.3	82.6	86.3	77.0	74.3
1985 1	80.1	81.9	88.4	77.0	76.3
2	81.8	84.2	86.7	83.6	76.9
3	84.4	90.0	84.9	86.9	76.8
4	83.6	88.1	85.2	86.1	72.6
1986 1	82.3	85.6	86.6	85.2	72.5
2	82.1	84.4	85.6	85.2	73.8
3	80.5	80.2	86.9	86.1	72.4
4	81.2	80.2	88.8	89.3	73.0
1987 1	82.8	78.9	87.8	96.7	69.1
2	83.3	76.1	91.9	95.9	69.7
3	85.0	76.6	91.9	96.7	71.6
4	88.7	81.5	96.3	100.0	72.8
1988 1	89.0	83.1	100.0	100.0	70.8
2	89.1	86.8	98.9	98.4	70.2

Table 5

CAPACITY UTILIZATION - CANADA
(Percent)

								1981-1987		1971-1980	
								Quarter			
	1981	1982	1983	1984	1985	1986	1987	Avg.	Low	High	Average
Industrial	81.6	71.2	73.8	80.4	82.8	82.4	84.9	79.6	68.7	87.3	87.7
Mining	65.5	63.4	67.6	76.9	80.4	78.2	81.8	73.4	62.1	85.6	77.4
Manufacturing	85.7	72.5	74.7	81.6	83.8	84.0	86.5	81.3	69.2	89.0	89.8
Non-Durables	88.4	78.6	82.4	85.7	85.3	86.8	88.3	85.1	77.5	91.1	90.8
Food	92.0	89.9	86.4	88.9	91.0	92.2	91.4	90.3	85.3	93.5	95.3
Beverage	79.2	71.0	67.0	69.2	68.9	71.9	70.7	71.1	65.4	81.0	90.2
Tobacco	85.3	81.9	72.8	67.9	55.9	49.5	47.4	65.8	45.4	91.9	91.5
Rubber	76.0	65.4	75.3	93.4	93.4	85.4	81.3	81.5	62.6	100.0	86.4
Plastics	87.9	75.8	81.6	88.8	92.5	91.4	97.3	87.9	73.4	100.0	87.3
Leather	95.3	82.6	86.5	94.6	90.7	91.0	83.0	89.1	77.5	100.0	93.3
Prim. Textile	91.5	68.5	89.7	86.1	84.9	85.9	96.0	86.1	63.0	100.0	89.1
Textile Prod.	91.9	71.9	87.8	88.8	87.5	89.7	96.0	87.7	67.2	100.0	93.4
Clothing	92.8	82.6	82.2	88.4	90.3	95.4	98.2	90.0	79.7	100.0	94.2
Paper & Allied	86.4	73.7	82.7	85.5	84.0	89.8	94.2	85.2	71.6	96.6	85.8
Printing & Publ.	97.3	86.5	86.3	90.4	90.4	91.6	92.3	90.7	82.8	100.0	95.7
Refined Petrol & Coal	80.6	74.8	79.6	74.8	74.0	73.6	76.4	76.3	61.3	100.0	82.1
Chemicals & Chemical Products	82.4	70.2	78.8	82.6	79.9	77.5	78.0	78.5	68.0	85.5	88.5

Table 5 (cont'd)

CAPACITY UTILIZATION - CANADA
(Percent)

								1981-1987		1971-1980	
								Quarter			
	1981	1982	1983	1984	1985	1986	1987	Avg.	Low	High	Average
Durables	83.2	67.0	67.9	77.8	82.5	81.5	84.9	77.8	61.6	88.7	89.0
Wood	82.7	63.8	75.8	82.0	89.1	87.0	96.2	82.4	62.9	100.0	89.7
Furniture & Fixtures	82.8	62.4	69.8	74.1	81.0	83.9	88.1	77.4	59.7	92.0	82.5
Primary Metals	77.9	57.4	64.0	76.8	80.1	78.0	83.3	73.9	50.4	87.6	86.3
Metal Fabrication	93.5	79.0	74.1	79.2	88.5	88.0	94.7	85.3	72.2	98.1	91.1
Machinery	87.7	62.8	53.4	62.5	62.1	63.0	64.1	65.1	51.0	93.2	91.2
Transportation Equipment	68.9	60.6	67.0	82.0	86.0	82.6	78.3	75.1	53.5	90.0	88.1
Electrical Products	94.5	77.8	70.5	83.1	86.3	87.0	92.0	84.5	68.7	97.5	88.3
Non-Metallic Minerals	82.2	62.7	69.5	76.0	83.4	86.4	97.3	79.6	59.8	100.0	91.6
Other Manufacturing	83.5	74.0	68.5	74.8	75.6	72.9	70.8	74.3	66.4	84.6	91.5
Elec. Pow. Gas. W. Util.	84.7	77.6	79.1	79.2	80.5	79.0	79.9	80.0	74.7	85.9	93.3

DATE DUE - DATE DE RETOUR

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QUEEN HD 69 .C3 C3 1988 no.2
Canada. Dept. of Industry, T
Rate of capacity utilization

INDUSTRY CANADA/INDUSTRIE CANADA



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