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FEDERAL RESERVE

statistical release

For Immediate release

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CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS December 1978

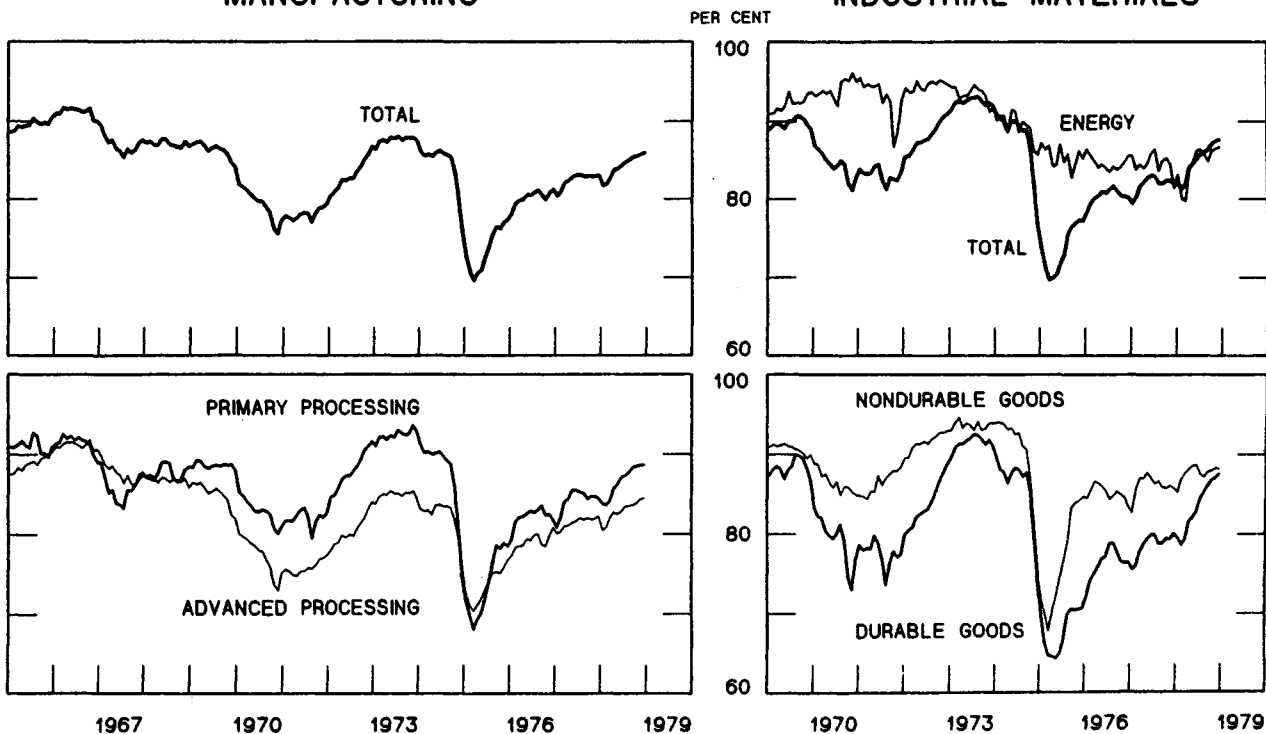
Capacity utilization in manufacturing increased by 0.2 percentage point in December to 85.9 per cent. The utilization rate for manufacturing has risen each month since January of last year and in December was 2.9 percentage points above the rate a year earlier. The December 1978 utilization rate for manufacturing is the highest since June 1974 and is 2.1 percentage points below the 1973 high.

Industrial materials capacity utilization rose in December by an estimated 0.2 percentage point to 87.6 per cent--a level 5.7 percentage points higher than a year earlier and 5.5 percentage points below the 1973 high. Capacity utilization by producers of durable goods materials, such as metal materials, continued to rise rapidly in December. During 1978 the operating rate for durable goods materials has risen by 7.5 percentage points to 87.6 per cent; this sharp rise reflected, in large part, the rapid growth in output of equipment and the high level of automobile production.

Manufacturing capacity utilization in the fourth quarter, at 85.7 per cent, was 0.7 percentage point above the third quarter rate, and materials capacity utilization at 87.3 per cent, was 1.3 percentage points above the third quarter rate.

MANUFACTURING

INDUSTRIAL MATERIALS



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	1977 DEC.	1978 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.
MANUFACTURING, TOTAL	88.0	69.6	83.0	81.7	81.9	82.7	83.7	83.9	84.3	84.7	85.0	85.3	85.5	85.7	85.9
PRIMARY PROCESSING	93.6	68.1	84.5	83.8	83.6	84.1	85.7	86.2	87.1	87.3	87.7	88.3	88.5	88.5	88.6
ADVANCED PROCESSING	85.4	70.4	82.2	80.5	80.8	82.0	82.7	82.5	82.8	83.4	83.5	83.6	83.8	84.2	84.5
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1977 IV	1978 I	II	III	IV	1977 IV	1978 I	II	III	IV	1977 IV	1978 I	II	III	IV
MANUFACTURING, TOTAL	139.9	139.8	144.4	147.7	150.3	168.7	170.3	172.0	173.7	175.4	82.9	82.1	84.0	85.0	85.7
PRIMARY PROCESSING	148.2	148.2	154.1	158.2	161.0	175.1	176.8	178.5	180.2	181.9	84.6	83.8	86.3	87.8	88.5
ADVANCED PROCESSING	135.6	135.4	139.3	142.1	144.7	165.3	166.9	168.5	170.2	171.8	82.0	81.1	82.7	83.5	84.2

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1977 DEC.	1978 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.
MATERIALS, TOTAL	93.1	69.7	81.9	81.9	81.3	81.9	84.0	84.5	85.1	85.7	85.9	86.3	87.0	87.4	87.6
DURABLE GOODS MATERIALS	92.5	64.3	80.1	79.6	78.7	79.4	81.6	82.1	82.8	84.5	85.3	86.1	86.8	87.1	87.6
BASIC METAL MATERIALS	97.7	66.1	75.7	75.7	76.1	75.7	80.0	80.4	80.8	83.1	85.6	86.4	87.2	87.9	
NONDURABLE GOODS MATERIALS	94.6	67.8	85.8	85.3	86.9	87.7	88.2	88.6	88.7	87.5	87.2	87.6	88.0	88.3	88.2
TEX., PAPER, & CHEM. MAT.	94.5	65.5	84.0	84.5	85.3	86.5	86.5	86.9	87.0	86.5	85.5	86.7	86.6	86.8	86.4
TEXTILE MATERIALS	94.4	58.0	82.0	80.1	80.7	80.1	81.0	81.0	81.7	81.1	80.2	81.9	81.8	81.7	
PAPER MATERIALS	100.5	71.8	85.2	88.1	89.0	89.5	90.2	90.5	90.2	86.9	84.4	88.2	87.7	87.5	
CHEMICAL MATERIALS	93.8	64.7	84.3	84.8	85.7	87.4	87.2	87.7	87.8	87.8	87.2	87.6	87.7	87.9	
ENERGY MATERIALS	94.6	82.7	81.4	83.1	80.0	79.7	84.0	84.7	86.1	86.3	85.6	84.8	86.1	86.4	86.6
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1977 IV	1978 I	II	III	IV	1977 IV	1978 I	II	III	IV	1977 IV	1978 I	II	III	IV
MATERIALS, TOTAL	138.9	139.2	145.1	148.7	152.1	168.9	170.4	171.7	173.0	174.2	82.2	81.7	84.5	86.0	87.3
DURABLE GOODS MATERIALS	137.7	137.9	144.0	150.4	154.7	172.8	174.0	175.2	176.3	177.4	79.7	79.3	82.2	85.3	87.2
BASIC METAL MATERIALS	109.4	110.5	117.5	124.6		145.5	145.8	146.1	146.5		75.2	75.8	80.4	85.1	
NONDURABLE GOODS MATERIALS	155.0	158.0	163.2	163.2	166.2	180.4	182.3	184.4	186.5	188.5	85.9	86.7	88.5	87.5	88.2
TEX., PAPER, & CHEM. MAT.	159.5	163.1	167.7	168.4	171.1	188.9	190.8	193.1	195.4	197.5	84.5	85.5	86.8	86.2	86.6
TEXTILE MATERIALS	117.9	115.3	117.1	117.3		143.0	143.5	144.1	144.7		82.4	80.3	81.2	81.0	
PAPER MATERIALS	132.3	136.5	139.7	134.8		152.5	153.6	154.8	155.8		86.7	88.9	90.3	86.5	
CHEMICAL MATERIALS	188.9	194.9	201.4	204.4		223.6	226.6	230.1	233.5		84.5	86.0	87.5	87.5	
ENERGY MATERIALS	121.9	119.1	125.5	127.0	128.6	145.7	147.2	147.8	148.4	148.9	83.7	80.9	84.9	85.6	86.4

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 1977, AND ABOUT 85 PERCENT FOR INDUSTRIAL MATERIALS FOR 1967 THROUGH 1977. 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 CAPACITY UTILIZATION ESTIMATES ARE DESCRIBED, AND HISTORICAL DATA ARE PROVIDED, IN FEDERAL RESERVE MEASURES OF CAPACITY AND CAPACITY UTILIZATION. THIS PUBLICATION MAY BE OBTAINED FROM PUBLICATION SERVICES, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, WASHINGTON, D.C. 20551. THE PRICE IS \$1.75 PER COPY; FOR TEN OR MORE, \$1.50 EACH.