



# FEDERAL RESERVE

## statistical release

For immediate release  
January 18, 1977

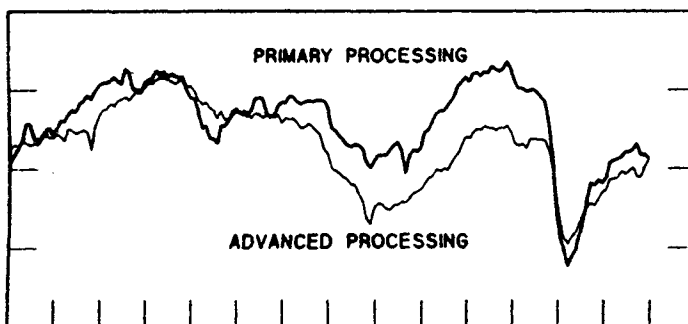
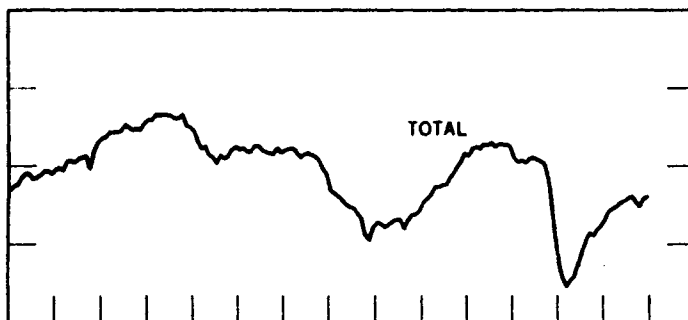
G.3 (Formerly E.5)

Capacity utilization in manufacturing increased an estimated 0.4 per cent in December to 81.1 per cent. The increase reflected production gains in advanced processing industries, most notably in motor vehicles and parts. Primary processing industries operated at generally lower utilization rates in December than in November. After adjusting for seasonality, both primary and advanced processing industries are estimated to have operated at about 81 per cent of capacity in December.

Capacity utilization in materials decreased an estimated 0.2 per cent in December to 80.3 per cent. The decline in December, as well as a decline to 80.4 per cent for the fourth quarter as a whole, is attributable to a weakening of production in durable goods materials, especially in basic metals. Utilization rates in both nondurable goods materials and energy materials have changed relatively little, on balance, in recent months.

Industrial utilization rates during 1976 generally rose at a slower pace than in the rapid cyclical recovery phase in 1975. In December 1976, utilization rates for both manufacturing and materials were around 80 to 81 per cent, up 10 to 15 per cent from the lowest rates registered in 1975.

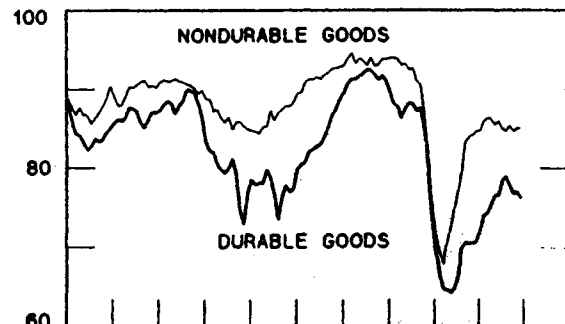
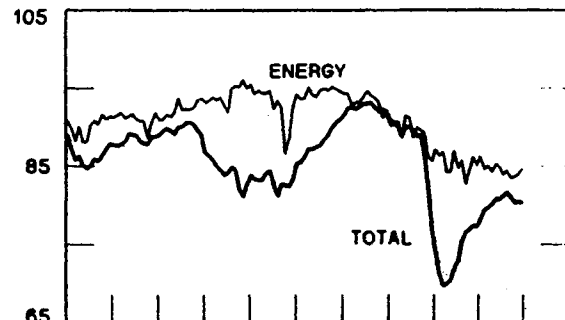
### MANUFACTURING



1965 1968 1971 1974 1977

### INDUSTRIAL MATERIALS

PER CENT



1968 1971 1974 1977

# OUTPUT, CAPACITY AND CAPACITY UTILIZATION

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

## Manufacturing

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1975 DEC.	1976											
				JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.
MANUFACTURING, TOTAL	88.0	69.6	77.4	78.2	79.2	79.6	79.8	80.3	80.5	80.9	81.1	80.4	79.8	80.8	81.1
PRIMARY PROCESSING	93.6	67.8	78.1	78.8	80.8	81.0	81.2	81.4	82.1	82.1	82.4	83.1	81.6	81.8	81.2
ADVANCED PROCESSING	85.4	70.5	77.0	77.3	78.6	78.7	78.8	79.6	79.3	79.7	80.1	78.9	78.8	80.1	81.0

SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1975 IV	1976 I	1976 II	1976 III	1976 IV	1975 IV	1976 I	1976 II	1976 III	1976 IV	1975 IV	1976 I	1976 II	1976 III	1976 IV
MANUFACTURING, TOTAL	122.5	126.7	129.4	131.1	131.5	159.5	160.4	161.3	162.3	163.2	76.8	79.0	80.2	80.8	80.5
PRIMARY PROCESSING	128.9	133.4	136.6	139.3	138.7	165.0	166.2	167.5	168.8	170.1	78.1	80.2	81.5	82.5	81.5
ADVANCED PROCESSING	119.1	122.9	125.2	126.3	127.6	156.4	157.2	158.0	158.8	159.6	76.1	78.2	79.2	79.6	80.0

## Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1975 DEC.	1976											
				JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.
MATERIALS, TOTAL	93.1	69.7	77.2	78.2	79.3	79.7	80.1	80.8	80.8	81.2	81.6	81.0	80.3	80.5	80.3
DURABLE GOODS MATERIALS	92.5	64.3	70.7	72.1	74.0	74.3	75.4	76.6	76.5	78.5	78.9	77.8	76.8	77.0	76.2
BASIC METAL MATERIALS	97.7	66.1	67.7	71.7	73.8	72.9	75.5	79.1	77.7	81.9	83.5	79.2	77.6	74.3	71.0
NONDURABLE GOODS MATERIALS	94.6	67.8	84.7	84.6	85.9	86.3	86.2	85.5	86.0	84.9	84.7	85.4	84.7	85.1	85.1
TEX., PAPER, & CHEM. MAT.	94.5	65.5	84.3	83.8	85.3	86.1	85.6	84.6	84.8	83.8	83.6	84.4	83.7	83.7	83.9
TEXTILE MATERIALS	94.4	58.0	86.4	85.4	84.0	83.4	82.2	83.7	83.3	82.2	82.2	81.1	80.2	78.2	78.5
PAPER MATERIALS	100.5	71.8	87.5	87.7	89.9	89.8	90.9	90.1	91.9	90.2	90.4	89.1	89.5	88.5	88.4
CHEMICAL MATERIALS	93.8	64.7	82.9	82.2	84.3	86.0	85.2	83.3	83.4	82.6	82.1	84.0	83.3	84.2	84.2
ENERGY MATERIALS	94.6	82.7	85.1	86.2	84.6	85.0	84.2	85.2	84.9	83.9	84.4	83.5	83.6	83.9	84.6

SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1975 IV	1976 I	1976 II	1976 III	1976 IV	1975 IV	1976 I	1976 II	1976 III	1976 IV	1975 IV	1976 I	1976 II	1976 III	1976 IV
MATERIALS, TOTAL	122.8	126.9	130.3	132.6	132.1	159.2	160.6	161.7	163.1	164.3	77.1	79.0	80.6	81.3	80.4
DURABLE GOODS MATERIALS	115.1	120.8	126.1	130.7	128.6	163.1	164.4	165.5	166.7	167.8	70.6	73.5	76.2	78.4	76.6
BASIC METAL MATERIALS	98.4	103.7	110.8	117.1	107.3	141.7	142.4	143.1	143.7	144.4	69.4	72.8	77.4	81.5	74.3
NONDURABLE GOODS MATERIALS	141.4	145.0	146.9	146.6	147.9	167.8	169.4	171.0	172.5	174.1	84.3	85.6	85.9	85.0	85.0
TEX., PAPER, & CHEM. MAT.	146.3	150.2	151.6	151.2	152.4	174.7	176.5	178.3	180.1	182.0	83.8	85.1	85.0	84.0	83.8
TEXTILE MATERIALS	118.2	116.5	115.5	114.4	111.1	137.2	138.2	139.0	139.8	140.6	86.2	84.3	83.1	81.8	79.0
PAPER MATERIALS	124.0	128.9	132.5	131.9	131.3	143.5	144.6	145.7	146.7	147.9	86.4	89.1	90.9	89.9	88.8
CHEMICAL MATERIALS	167.7	173.6	175.3	175.1	179.2	203.7	206.2	208.7	211.2	213.7	82.3	84.2	84.0	82.9	83.9
ENERGY MATERIALS	118.5	119.7	120.0	119.9	121.0	139.1	140.3	141.5	142.7	143.9	85.2	85.3	84.8	84.0	84.1

NOTE: ESTIMATES OF ACTUAL OUTPUT AND CAPACITY OUTPUT ARE BOTH EXPRESSED AS PERCENTAGES OF 1967 ACTUAL OUTPUT. ESTIMATES OF CAPACITY UTILIZATION IN PER CENT ARE CALCULATED AS RATIOS OF (1) THE INDEXES OF INDUSTRIAL PRODUCTION TO (2) THE CORRESPONDING INDEXES OF CAPACITY. INDUSTRIAL MATERIALS ARE THOSE CRUDE AND SEMIFINISHED PRODUCTS THAT ARE BOTH PRODUCED AND USED AS INPUTS BY INDUSTRIAL ESTABLISHMENTS; THE INDUSTRIAL MATERIALS INCLUDE MOST OF THE COMPONENTS OF THE PRIMARY PROCESSING GROUPING OF MANUFACTURING AS WELL AS THE INPUTS SUPPLIED TO THE INDUSTRIAL SECTOR BY MINES AND UTILITIES--SUCH AS IRON ORE, CRUDE OIL, AND INDUSTRIAL ELECTRICITY. THE 1973 HIGHS (AND ALSO 1975 LOWS) IN CAPACITY UTILIZATION, SHOWN IN THE TABLES ABOVE, ARE SPECIFIC TO EACH SERIES AND MAY OCCUR IN DIFFERENT MONTHS.

BUSINESSES USUALLY OPERATE AT CAPACITY UTILIZATION RATES THAT ARE WELL BELOW 100 PER CENT; NONE OF THE BROAD AGGREGATE SERIES HAS EVER INDICATED A 100 PER CENT USE OF CAPACITY. CAPACITY UTILIZATION RATES AVERAGED ABOUT 83 PER CENT FOR MANUFACTURING FROM 1955 THROUGH 1975, AND ABOUT 86 PER CENT FOR INDUSTRIAL MATERIALS FOR 1967 THROUGH 1975. IN MANUFACTURING AS A WHOLE, UTILIZATION RATES AS HIGH AS 90 PER CENT HAVE BEEN EXCEEDED ONLY IN WARTIME. THE PEAK RATES OF UTILIZATION IN 1973 WERE ASSOCIATED WITH SIGNIFICANT UPWARD PRESSURES ON PRICES.

THE CAPACITY UTILIZATION ESTIMATES ARE DESCRIBED, AND HISTORICAL DATA ARE PROVIDED, IN THE NOVEMBER 1976 ISSUE OF THE FEDERAL RESERVE BULLETIN. THE PRODUCTION FIGURES ARE DESCRIBED IN THE JUNE 1976 ISSUE OF THE BULLETIN; CURRENT ESTIMATES ARE PUBLISHED IN THE FEDERAL RESERVE STATISTICAL RELEASE, INDUSTRIAL PRODUCTION, G.12-3.