



FEDERAL RESERVE

statistical release

G.3

For immediate release
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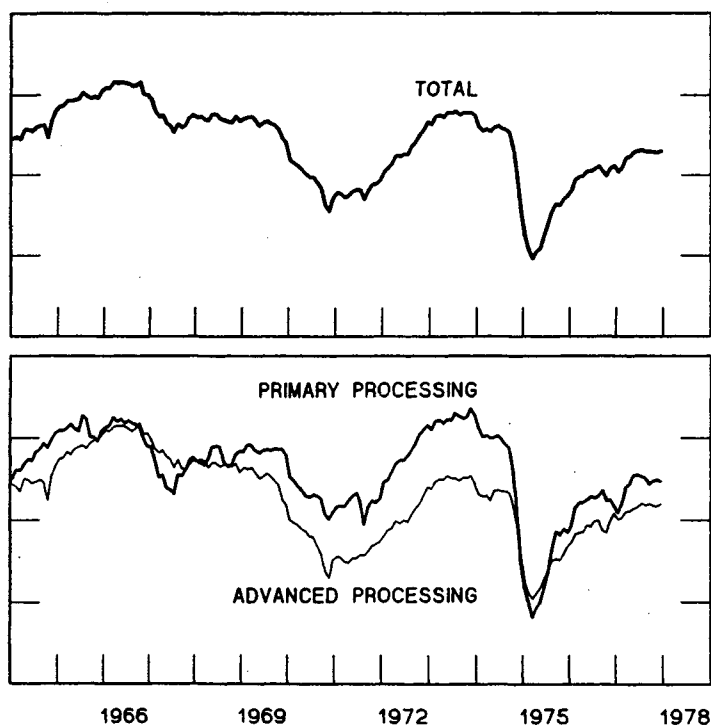
CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS December 1977

Capacity utilization in manufacturing increased by a small margin in December to an estimated 83 per cent. Advanced processing industries operated at slightly higher rates in December, while primary processing industries experienced slight declines in their use of capacity.

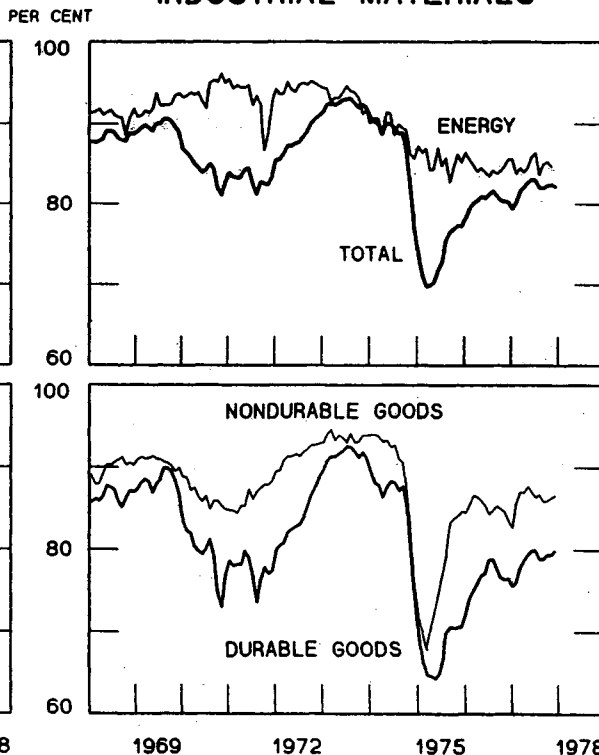
Utilization of materials capacity fell by an estimated .3 percentage point in December to 82.1 per cent, largely because of the impact of the coal strike. Utilization rates were generally higher for materials not directly effected by the strike.

Capacity utilization rates for both manufacturing and materials production at the end of 1977 were nearly 2 percentage points above rates a year earlier. The increases in these rates occurred during the first half of the year. Capacity utilization in manufacturing has remained virtually unchanged since mid-year, while utilization of materials capacity has edged down.

MANUFACTURING



INDUSTRIAL MATERIALS



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	1976 DEC.	1977 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	
MANUFACTURING, TOTAL	88.0	69.6	81.2	80.4	80.9	82.1	82.3	82.6	83.0	83.1	82.9	82.9	82.8	82.8	83.0	
PRIMARY PROCESSING	95.6	86.1	81.8	80.9	82.0	84.0	84.4	85.5	85.5	85.3	85.1	84.4	84.8	84.9	84.7	
ADVANCED PROCESSING	85.4	70.4	80.6	80.1	80.3	81.0	81.1	81.4	81.6	82.0	81.8	82.0	81.7	81.7	82.0	
	OUTPUT				CAPACITY				UTILIZATION							
	1976 IV	1977 I	1976 II	1977 III	1976 IV	1977 I	1976 II	1977 III	1976 IV	1977 I	1976 II	1977 III	1976 IV	1977 I	1976 II	1977 III
MANUFACTURING, TOTAL	131.2	133.1	130.9	131.7	139.7	162.8	164.0	165.6	167.1	168.7	80.6	81.2	82.7	83.0	82.8	
PRIMARY PROCESSING	136.8	140.1	140.3	147.3	148.4	168.8	170.2	171.8	173.5	175.1	82.2	82.3	85.1	84.9	84.8	
ADVANCED PROCESSING	127.2	129.3	132.0	134.2	135.2	159.6	160.7	162.2	163.8	165.3	79.7	80.5	81.4	81.9	81.8	

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION															
	1973 HIGH	1975 LOW	1976 DEC.	1977 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	
MATERIALS, TOTAL	93.1	69.7	80.2	79.4	80.2	81.6	82.1	82.7	83.0	82.9	82.0	82.0	82.3	82.4	82.1	
DURABLE GOODS MATERIALS	92.5	64.3	76.5	75.6	76.0	77.6	78.7	79.4	79.9	80.0	78.9	78.9	79.4	79.5	79.9	
BASIC METAL MATERIALS	97.7	66.1	72.5	73.7	72.9	78.4	79.3	81.2	80.2	77.6	74.8	73.4	75.7	74.6		
NONDURABLE GOODS MATERIALS	94.6	67.6	83.5	82.7	85.7	87.0	87.0	87.7	87.0	86.4	86.7	85.9	86.0	86.3	86.6	
TEX., PAPER, & CHEM. MAT.	94.5	65.5	82.4	81.5	83.8	85.9	86.0	86.7	86.1	85.1	85.3	84.7	84.9	84.7	84.9	
TEXTILE MATERIALS	94.4	58.0	80.6	78.7	77.7	79.9	78.8	78.8	76.7	77.4	78.7	80.3	83.3	83.0		
PAPER MATERIALS	100.5	71.8	86.1	85.9	89.6	89.7	88.3	90.7	89.2	89.0	89.7	89.1	88.3	87.3		
CHEMICAL MATERIALS	93.8	64.7	81.6	81.3	84.0	86.6	87.5	87.9	87.8	86.4	85.9	84.8	84.4	84.5		
ENERGY MATERIALS	94.6	82.7	85.5	85.5	83.7	84.4	83.9	84.5	85.8	86.3	83.6	84.9	85.2	84.6		
	OUTPUT				CAPACITY				UTILIZATION							
	1976 IV	1977 I	1976 II	1977 III	1976 IV	1977 I	1976 II	1977 III	1976 IV	1977 I	1976 II	1977 III	1976 IV	1977 I	1976 II	1977 III
MATERIALS, TOTAL	131.9	133.1	137.7	138.1	139.0	164.3	165.5	166.6	167.8	168.9	80.3	80.4	82.6	82.3	82.3	
DURABLE GOODS MATERIALS	126.4	129.2	135.1	136.0	137.5	167.8	169.0	170.3	171.6	172.6	76.5	76.5	79.4	79.2	79.6	
BASIC METAL MATERIALS	107.4	108.6	116.4	109.4		144.4	144.8	145.1	145.3		74.4	75.0	80.2	75.3		
NONDURABLE GOODS MATERIALS	146.9	149.5	154.6	154.4	155.7	174.1	175.6	177.2	178.8	180.4	84.4	85.1	87.2	86.3	86.3	
TEX., PAPER, & CHEM. MAT.	151.4	153.9	159.9	159.2	160.3	182.0	183.6	185.4	187.1	188.9	83.2	83.8	86.3	85.1	84.8	
TEXTILE MATERIALS	112.1	111.3	110.9	112.3		140.6	141.4	141.9	142.5		79.7	78.7	78.1	78.8		
PAPER MATERIALS	130.2	131.7	134.3	135.1		147.9	148.9	150.1	151.3		88.1	88.4	89.5	89.3		
CHEMICAL MATERIALS	177.3	181.6	191.6	169.5		213.7	216.2	216.7	221.2		83.0	84.0	87.7	85.7		
ENERGY MATERIALS	122.0	122.0	122.6	123.4		143.9	144.3	144.7	145.2		84.6	84.5	84.8	85.0		

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.