



# FEDERAL RESERVE

## statistical release

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For immediate release  
February 16, 1978

### CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS January 1978

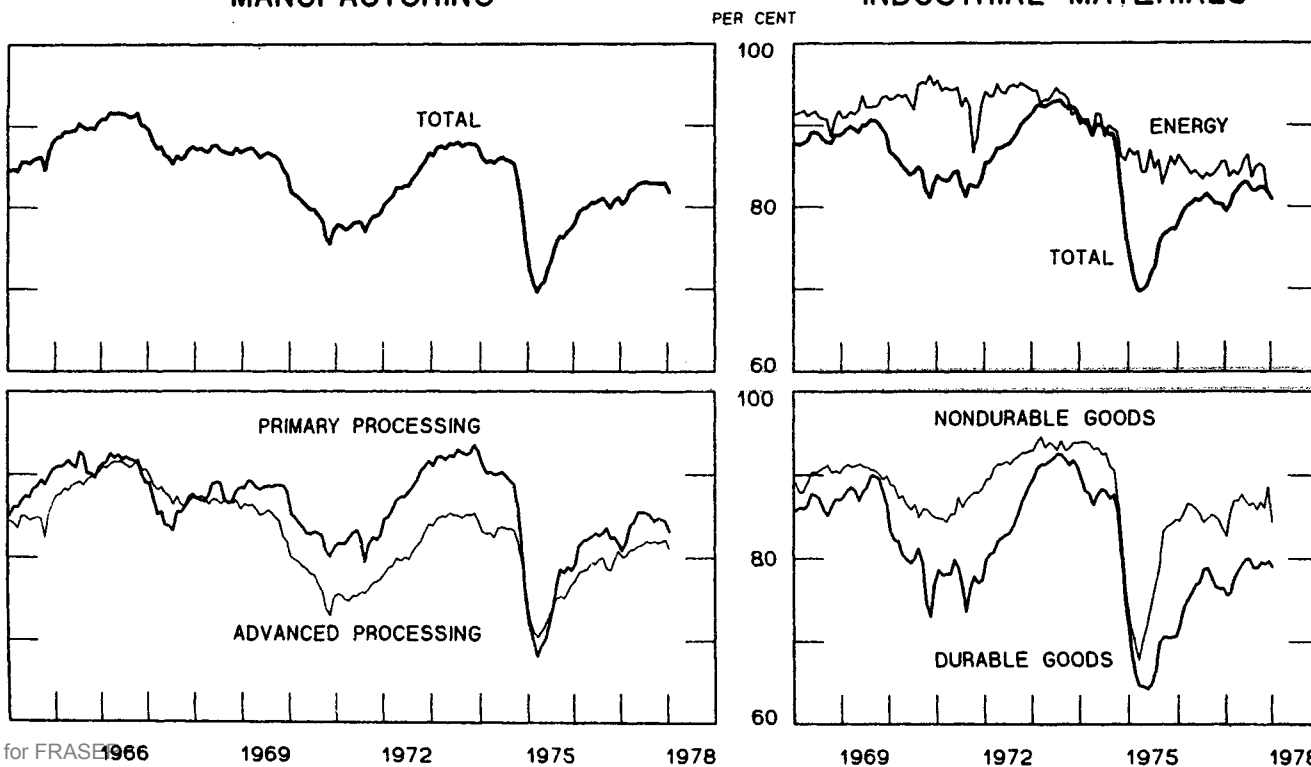
Capacity utilization in manufacturing declined by an estimated 1.2 percentage points in January to 81.8 per cent. Declines in operating rates were widespread throughout manufacturing. Much of the over-all reduction resulted from a further sizable decline in production of motor vehicles and weather-related interruptions of productive activity.

The January 1978 value for manufacturing capacity utilization is the lowest since February of last year. A large drop in utilization rates also occurred in January a year earlier, when production was effected by inclement weather. Subsequently, manufacturing utilization rates rose rapidly in the spring.

Capacity utilization in the industrial materials sector decreased by .8 percentage point to 80.9 per cent. Weather-related disruptions, continuing declines in coal production, and curtailments in output of some materials used in motor vehicle production were instrumental in this decline in capacity utilization.

#### 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														1978 JAN.
	1973 HIGH	1975 LOW	1977 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	
MANUFACTURING, TOTAL	88.0	69.6	80.4	80.9	82.1	82.3	82.8	83.0	83.1	82.9	82.9	82.9	82.9	83.0	81.8
PRIMARY PROCESSING	93.6	66.1	80.9	82.0	84.0	84.4	85.5	85.5	85.3	85.1	84.4	84.7	84.6	84.4	83.2
ADVANCED PROCESSING	85.4	70.4	80.1	80.3	81.0	81.1	81.4	81.6	82.0	81.8	82.0	81.8	82.0	82.2	81.1
	OUTPUT				CAPACITY				UTILIZATION						
	1976 IV	1977 I	1977 II	1977 III	1976 IV	1977 I	1977 II	1977 III	1977 IV	1976 IV	1977 I	1977 II	1977 III	1977 IV	
MANUFACTURING, TOTAL	131.2	133.1	136.9	138.7	139.9	162.8	164.0	165.6	167.1	168.7	80.6	81.2	82.7	83.0	82.9
PRIMARY PROCESSING	138.8	140.1	146.3	147.3	148.1	166.8	170.2	171.8	173.5	175.1	82.2	82.3	85.1	84.9	84.6
ADVANCED PROCESSING	127.2	129.3	132.0	134.2	135.6	159.6	160.7	162.2	163.8	165.3	79.7	80.5	81.4	81.9	82.0

### Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														1978 JAN.
	1973 HIGH	1975 LOW	1977 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	
MATERIALS, TOTAL	93.1	69.7	79.4	80.2	81.6	82.1	82.7	83.0	82.9	82.0	82.0	82.4	82.3	81.7	80.9
DURABLE GOODS MATERIALS	92.5	64.3	75.6	76.0	77.8	78.7	79.4	79.9	80.0	78.9	78.9	79.5	79.4	79.7	79.0
BASIC METAL MATERIALS	97.7	66.1	73.7	72.9	78.4	79.3	81.2	80.2	77.6	74.8	73.4	75.6	74.2	75.2	
NONDURABLE GOODS MATERIALS	94.6	67.8	82.7	85.7	87.0	87.0	87.7	87.0	86.4	86.7	85.9	85.8	86.1	85.6	84.4
TEX., PAPER, & CHEM. MAT.	94.5	65.5	81.5	83.8	85.9	86.0	86.7	86.1	85.1	85.3	84.7	84.9	84.3	84.1	83.2
TEXTILE MATERIALS	94.4	58.0	78.7	77.7	79.9	78.8	78.8	76.7	77.4	78.7	80.3	82.9	82.5	83.6	
PAPER MATERIALS	100.5	71.8	85.9	89.6	89.7	88.3	90.7	89.2	89.0	89.7	89.1	88.3	86.8	88.9	
CHEMICAL MATERIALS	93.8	66.7	81.3	84.0	86.6	87.5	87.9	87.8	86.4	85.9	84.8	84.6	84.3	83.0	
ENERGY MATERIALS	94.6	82.7	85.5	83.7	84.4	83.9	84.5	85.8	86.3	83.6	84.9	85.2	84.8	81.6	81.0
	OUTPUT				CAPACITY				UTILIZATION						
	1976 IV	1977 I	1977 II	1977 III	1976 IV	1977 I	1977 II	1977 III	1977 IV	1976 IV	1977 I	1977 II	1977 III	1977 IV	
MATERIALS, TOTAL	131.9	133.1	137.7	138.1	138.8	164.3	165.5	166.6	167.8	168.9	80.3	80.4	82.6	82.3	82.2
DURABLE GOODS MATERIALS	128.4	129.2	135.1	136.0	137.5	167.8	169.0	170.3	171.6	172.8	76.5	76.5	79.4	79.2	79.6
BASIC METAL MATERIALS	107.4	108.6	116.4	109.4	109.1	144.4	144.8	145.1	145.3	145.5	74.4	75.0	80.2	75.3	75.0
NONDURABLE GOODS MATERIALS	146.9	149.5	154.6	154.4	154.9	174.1	175.6	177.2	178.8	180.4	84.4	85.1	87.2	86.3	85.8
TEX., PAPER, & CHEM. MAT.	151.4	153.9	159.9	159.2	159.6	182.0	183.6	185.4	187.1	188.9	83.2	83.8	86.3	85.1	84.5
TEXTILE MATERIALS	112.1	111.3	110.9	112.3	118.7	140.6	141.4	141.9	142.5	143.0	79.7	78.7	78.1	78.8	83.0
PAPER MATERIALS	130.2	131.7	134.3	135.1	134.2	147.9	148.9	150.1	151.3	152.5	88.1	88.4	89.5	89.3	88.0
CHEMICAL MATERIALS	177.3	181.6	191.8	189.5	187.8	213.7	216.2	218.7	221.2	223.6	83.0	84.0	87.7	85.7	84.0
ENERGY MATERIALS	122.0	122.0	122.6	123.4	122.2	143.9	144.3	144.7	145.2	145.7	84.8	84.5	84.8	85.0	83.9

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 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 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.



# FEDERAL RESERVE

press release

For immediate release

February 16, 1978

The Board of Governors of the Federal Reserve System today announced publication of a new booklet, Federal Reserve Measures of Capacity and Capacity Utilization.

This 40-page pamphlet provides a summary description of the capacity utilization measures published by the Federal Reserve, as well as detailed descriptions of the methodologies currently used in compiling the capacity and capacity utilization series for both manufacturing and industrial materials. It also includes an analysis of capacity utilization developments indicated by these measures, historical data for the output, capacity and capacity utilization series, and an outline of plans for future efforts to improve and broaden these measures.

Copies of this booklet may be obtained from Publications Services, Division of Administration Services, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. The price is \$1.75 per copy; in quantities of ten or more sent to one address, \$1.50 each. Remittances should be made payable to the Board of Governors of the Federal Reserve System.