



FEDERAL RESERVE

statistical release

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For Immediate release
February 16, 1979

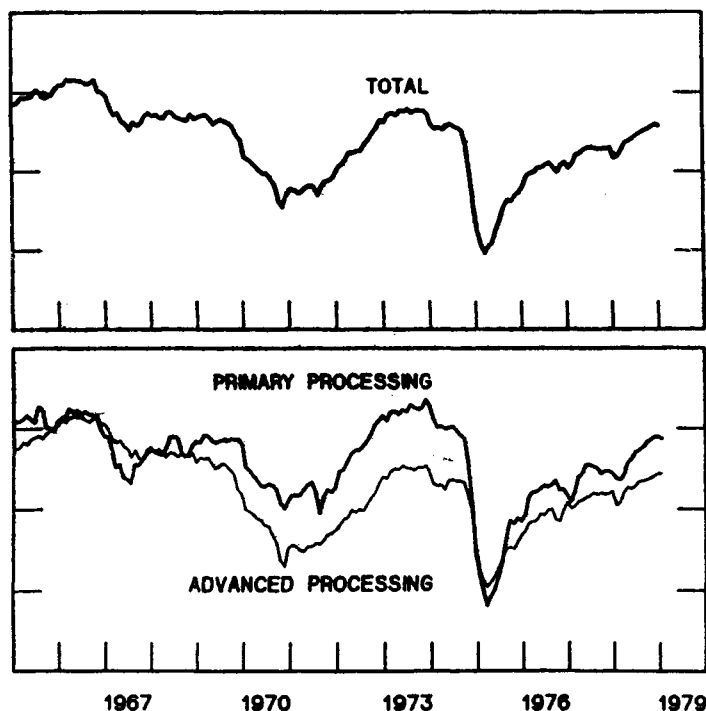
CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS January 1979

Capacity utilization in manufacturing edged down 0.2 percentage point in January to 85.9 per cent. This decline is the first since January 1978 when capacity utilization fell by 1.3 percentage points. In both of these months inclement weather affected output somewhat in certain regions of the country. Capacity utilization in primary processing industries in January dropped by 0.3 percentage point to 88.7 per cent, reflecting declines in output of iron and steel, petroleum refinery products and paper. The rate in advanced processing industries was unchanged at 84.4 per cent, despite a decline in motor vehicle production.

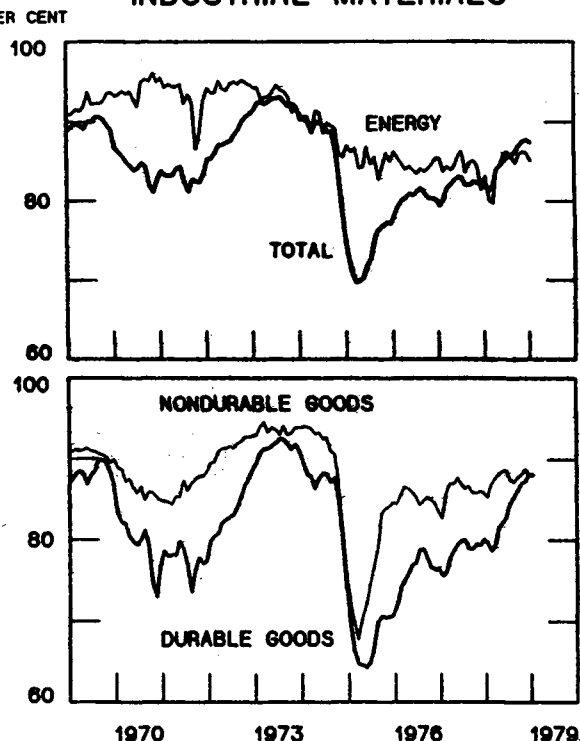
Utilization of capacity to produce industrial materials in January decreased by 0.3 percentage point to 87.5 per cent. The rates for both durable and nondurable goods materials were unchanged at 88.1 per cent while the rate for energy materials, largely because of a drop in coal production, declined by 1.1 percentage points.

The capacity utilization rate for manufacturing rose 4.2 percentage points over the past year, reflecting the above-average growth in production. Manufacturing capacity utilization in the fourth quarter of 1978, at 85.8 per cent, was 2.9 percentage points above the level one year earlier.

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															1979 JAN.
	1973 HIGH	1975 LOW	1978 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.		
MANUFACTURING, TOTAL	88.0	69.6	81.7	81.9	82.7	83.7	83.9	84.3	84.7	85.0	85.3	85.5	85.8	86.1	85.9	
PRIMARY PROCESSING	93.6	68.1	83.8	83.6	84.1	85.7	86.2	87.1	87.3	87.7	88.3	88.6	88.9	89.0	88.7	
ADVANCED PROCESSING	85.4	70.4	80.5	80.8	82.0	82.7	82.5	82.8	83.4	83.5	83.6	83.8	84.1	84.4	84.4	
	OUTPUT					CAPACITY					UTILIZATION					
	1977 IV	1978 I	1978 II	1978 III	1978 IV	1977 IV	1978 I	1978 II	1978 III	1978 IV	1977 IV	1978 I	1978 II	1978 III	1978 IV	
MANUFACTURING, TOTAL	139.9	139.8	144.4	147.7	150.5	168.7	170.3	172.0	173.7	175.4	82.9	82.1	84.0	85.0	85.8	
PRIMARY PROCESSING	148.2	148.2	154.1	158.2	161.6	175.1	176.8	178.5	180.2	181.9	84.6	83.8	86.3	87.8	88.8	
ADVANCED PROCESSING	135.6	135.4	139.3	142.1	144.5	165.3	166.9	168.5	170.2	171.8	82.0	81.1	82.7	83.5	84.1	

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION															1979 JAN.
	1973 HIGH	1975 LOW	1978 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.		
MATERIALS, TOTAL	93.1	69.7	81.9	81.3	81.9	84.0	84.5	85.1	85.7	85.9	86.3	87.1	87.6	87.8	87.5	
DURABLE GOODS MATERIALS	92.5	64.3	79.6	78.7	79.4	81.6	82.1	82.8	84.5	85.3	86.1	87.0	87.3	88.1	88.1	
BASIC METAL MATERIALS	97.7	66.1	75.7	76.1	75.7	80.0	80.4	80.8	83.1	85.6	86.4	87.4	87.9	89.3		
NONDURABLE GOODS MATERIALS	94.6	67.8	85.3	86.9	87.7	88.2	88.6	88.7	87.5	87.2	87.8	88.2	88.8	88.1	88.1	
TEX., PAPER, & CHEM. MAT.	94.5	65.5	84.5	85.3	86.5	86.5	86.9	87.0	86.5	85.5	86.7	86.9	87.3	86.6	86.7	
TEXTILE MATERIALS	94.4	58.0	80.1	80.7	80.1	81.0	81.0	81.7	81.1	80.2	81.9	81.8	82.2	82.0		
PAPER MATERIALS	100.5	71.8	88.1	89.0	89.5	90.2	90.5	90.2	86.9	84.4	88.2	87.7	87.7	86.3		
CHEMICAL MATERIALS	93.8	64.7	84.8	85.7	87.4	87.2	87.7	87.8	87.8	87.2	87.6	88.1	88.6	87.9		
ENERGY MATERIALS	94.6	82.7	83.1	80.0	79.7	84.0	84.7	86.1	86.3	85.6	84.8	86.0	86.3	86.2	85.1	
	OUTPUT					CAPACITY					UTILIZATION					
	1977 IV	1978 I	1978 II	1978 III	1978 IV	1977 IV	1978 I	1978 II	1978 III	1978 IV	1977 IV	1978 I	1978 II	1978 III	1978 IV	
MATERIALS, TOTAL	138.9	139.2	145.1	148.7	152.4	168.9	170.4	171.7	173.0	174.2	82.2	81.7	84.5	86.0	87.5	
DURABLE GOODS MATERIALS	137.7	137.9	144.0	150.4	155.2	172.8	174.0	175.2	176.3	177.4	79.7	79.3	82.2	85.3	87.5	
BASIC METAL MATERIALS	109.4	110.5	117.5	124.6	129.5	145.5	145.8	146.1	146.5	146.8	75.2	75.8	80.4	85.1	88.2	
NONDURABLE GOODS MATERIALS	155.0	158.0	163.2	163.2	166.6	180.4	182.3	184.4	186.5	188.5	85.9	86.7	88.5	87.5	88.4	
TEXT., PAPER, & CHEM. MAT.	159.5	163.1	167.7	168.4	171.7	188.9	190.8	193.1	195.4	197.5	84.5	85.5	86.8	86.2	86.9	
TEXTILE MATERIALS	117.9	115.3	117.1	117.3	119.1	143.0	143.5	144.1	144.7	145.2	82.4	80.3	81.2	81.0	82.0	
PAPER MATERIALS	132.3	136.5	139.7	134.8	136.9	152.5	153.6	154.8	155.8	156.9	86.7	88.9	90.3	86.5	87.2	
CHEMICAL MATERIALS	188.9	194.9	201.4	204.4	208.8	223.6	226.6	230.1	233.5	236.8	84.5	86.0	87.5	87.5	88.2	
ENERGY MATERIALS	121.9	119.1	125.5	127.0	128.4	145.7	147.2	147.8	148.4	148.9	83.7	80.9	84.9	85.6	86.2	

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.