



FEDERAL RESERVE

statistical release

G.3 (Formerly E.5)

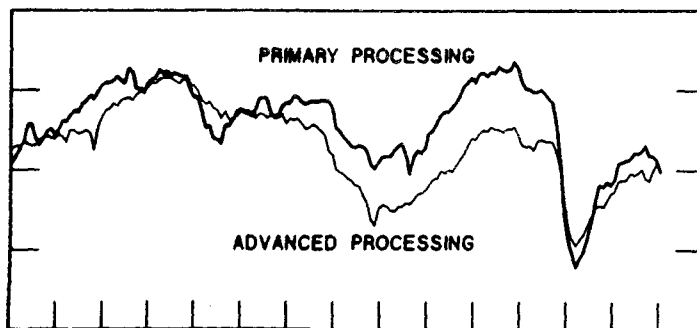
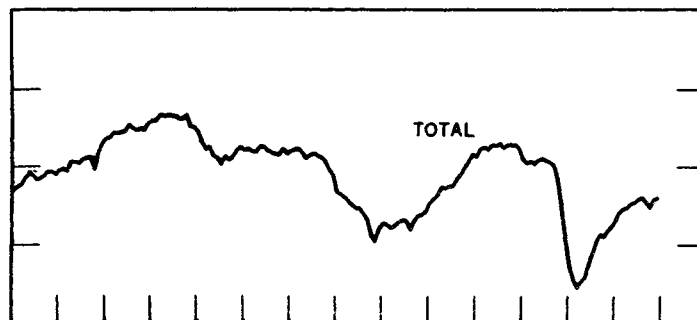
For immediate release
February 17, 1977

CAPACITY UTILIZATION

Capacity utilization in manufacturing declined by an estimated 1.1 percentage points in January to 79.8 per cent. This decline was mainly due to the extremely cold weather and the associated shortages of natural gas. Both primary and advanced processing industries are estimated to have operated at about 80 per cent of capacity in January, down from about 81 per cent in December. Since last spring the capacity utilization rate for manufacturing has remained in the 80 to 81 per cent range.

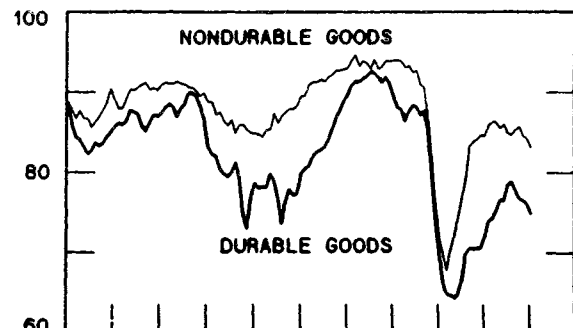
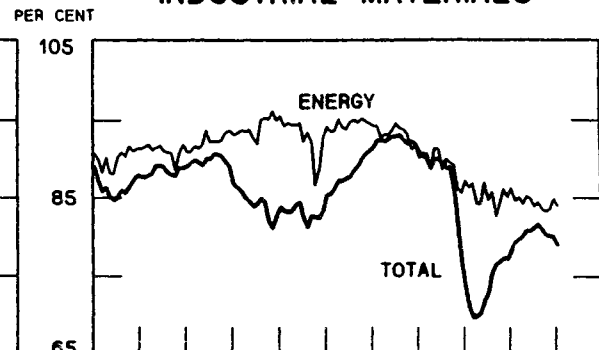
Capacity utilization in materials also declined by an estimated one percentage point in January to 79 per cent, with the adverse weather effects evidently also the major factor in this decline. The January decline in materials capacity utilization, however, apparently was also in part an extension of a gradual reduction that has occurred since last summer. Since then, iron and steel production has dropped 23 per cent and more modest declines have occurred in production of paper and textile materials. These particular cutbacks in output appear to have resulted in part from a shift away from accumulation of stocks of these materials by users.

MANUFACTURING



1965 1968 1971 1974 1977

INDUSTRIAL MATERIALS



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												1977 JAN.		
	1973 HIGH	1975 LOW	1976 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.		NOV.	DEC.
MANUFACTURING, TOTAL	88.0	69.6	78.2	79.2	79.6	79.8	80.3	80.5	80.9	81.1	80.4	79.7	80.6	80.9	79.8
PRIMARY PROCESSING	93.6	67.8	78.8	80.8	81.0	81.2	81.4	82.1	82.1	82.4	83.1	81.8	81.8	81.2	79.8
ADVANCED PROCESSING	85.4	70.5	77.3	78.6	78.7	78.8	79.6	79.3	79.7	80.1	78.9	78.6	79.9	80.9	79.9
	OUTPUT					CAPACITY					UTILIZATION				
	1975 IV	1976 I	II	III	IV	1975 IV	1976 I	II	III	IV	1975 IV	1976 I	II	III	IV
MANUFACTURING, TOTAL	122.5	126.7	129.4	131.1	131.3	159.5	160.4	161.3	162.3	163.2	76.8	79.0	80.2	80.8	80.4
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	81.6
ADVANCED PROCESSING	119.1	122.9	125.2	126.3	127.4	156.4	157.2	158.0	158.8	159.6	76.1	78.2	79.2	79.6	79.8

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION												1977 JAN.		
	1973 HIGH	1975 LOW	1976 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.		NOV.	DEC.
MATERIALS, TOTAL	93.1	69.7	78.2	79.3	79.7	80.1	80.8	80.8	81.2	81.6	81.0	80.3	80.1	80.0	79.0
DURABLE GOODS MATERIALS	92.5	64.3	72.1	74.0	74.3	75.4	76.6	76.5	78.5	78.9	77.8	76.8	76.5	76.1	74.9
BASIC METAL MATERIALS	97.7	66.1	71.7	73.8	72.9	75.5	79.1	77.7	81.9	83.5	79.2	77.7	74.3	72.8	
NONDURABLE GOODS MATERIALS	94.6	67.8	84.6	85.9	86.3	86.2	85.5	86.0	84.9	84.7	85.4	85.0	84.6	84.2	83.2
TEX., PAPER, & CHEM. MAT.	94.5	65.5	83.8	85.3	86.1	85.6	84.6	84.8	83.8	83.6	84.4	84.1	83.2	83.3	
TEXTILE MATERIALS	94.4	58.0	85.4	84.0	83.4	82.2	83.7	83.3	82.2	82.2	81.1	80.2	77.4	80.1	
PAPER MATERIALS	100.5	71.8	87.7	89.9	89.8	90.9	90.1	91.9	90.2	90.4	89.1	89.5	88.6	87.0	
CHEMICAL MATERIALS	93.8	64.7	82.2	84.3	86.0	85.2	83.3	83.4	82.6	82.1	84.0	83.7	83.5	83.1	
ENERGY MATERIALS	94.6	82.7	86.2	84.6	85.0	84.2	85.2	84.9	83.9	84.4	83.5	83.3	83.6	84.8	84.0
	OUTPUT					CAPACITY					UTILIZATION				
	1975 IV	1976 I	II	III	IV	1975 IV	1976 I	II	III	IV	1975 IV	1976 I	II	III	IV
MATERIALS, TOTAL	122.8	126.9	130.3	132.6	131.6	159.2	160.6	161.7	163.1	164.3	77.1	79.0	80.6	81.3	80.1
DURABLE GOODS MATERIALS	115.1	120.8	126.1	130.7	128.3	163.1	164.4	165.5	166.7	167.8	70.6	73.5	76.2	78.4	76.4
BASIC METAL MATERIALS	98.4	103.7	110.8	117.1	108.2	141.7	142.4	143.1	143.7	144.4	69.4	72.8	77.4	81.5	74.9
NONDURABLE GOODS MATERIALS	141.4	145.0	146.9	146.6	147.3	167.8	169.4	171.0	172.5	174.1	84.3	85.6	85.9	85.0	84.6
TEX., PAPER, & CHEM. MAT.	146.3	150.2	151.6	151.2	152.0	174.7	176.5	178.3	180.1	182.0	83.8	85.1	85.0	84.0	83.5
TEXTILE MATERIALS	118.2	116.5	115.5	114.4	111.4	137.2	138.2	139.0	139.8	140.6	86.2	84.3	83.1	81.8	79.3
PAPER MATERIALS	124.0	128.9	132.5	131.9	130.7	143.5	144.6	145.7	146.7	147.9	86.4	89.1	90.9	89.9	88.4
CHEMICAL MATERIALS	167.7	173.6	175.3	175.1	178.3	203.7	206.2	208.7	211.2	213.7	82.3	84.2	84.0	82.9	83.5
ENERGY MATERIALS	118.5	119.7	120.0	119.9	120.8	139.1	140.3	141.5	142.7	143.9	85.2	85.3	84.8	84.0	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 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.