



FEDERAL RESERVE

statistical release

G.3 (Formerly E.5)

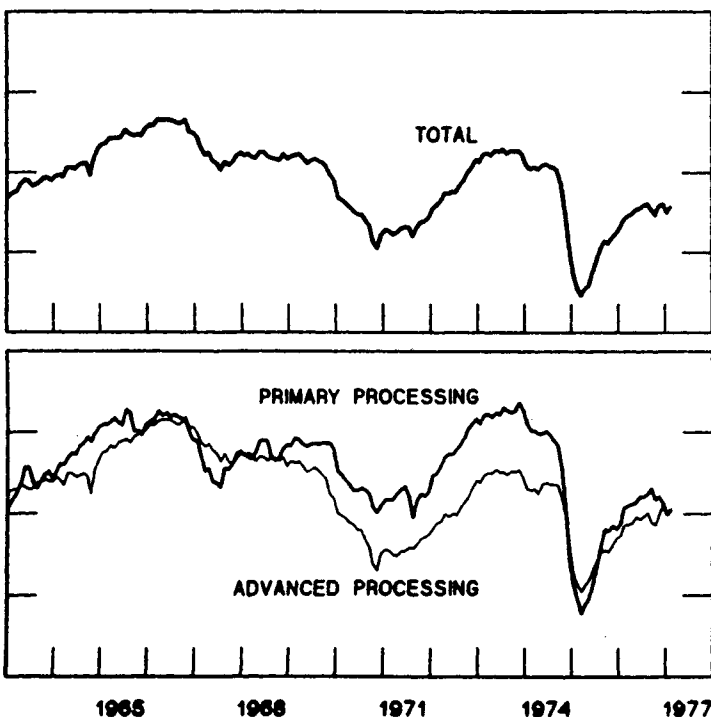
For immediate release
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CAPACITY UTILIZATION

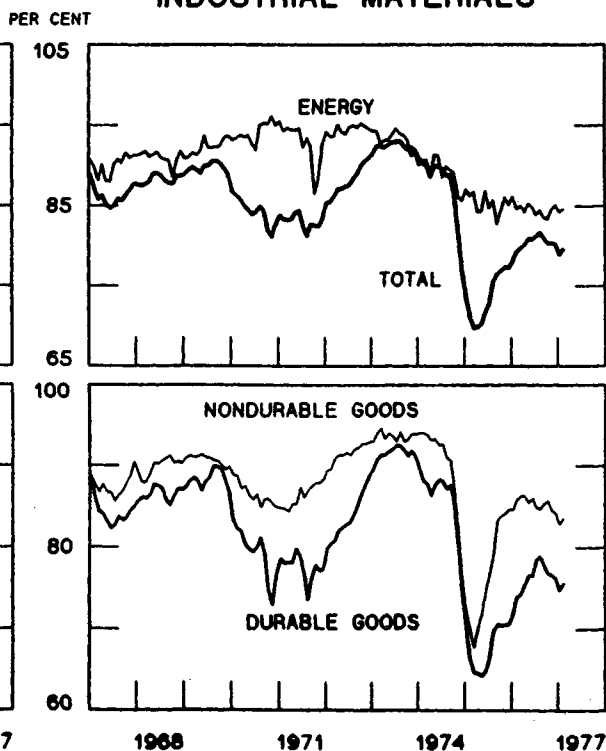
Capacity utilization in manufacturing increased by an estimated 0.7 percentage point in February to 80.7 per cent. The relatively large February increase mainly reflects the sharp rebound in manufacturing output from the weather-related decline in January. Earlier estimates of capacity utilization rates in manufacturing beginning with November have been revised up slightly. Capacity utilization in advanced processing industries rose by almost 1 percentage point to 81.0 per cent, about offsetting the January decline; this rise almost returns utilization in this sector of manufacturing to its highest point since the 1974-75 downturn, but it remains below earlier highs. Utilization in primary processing industries increased by an estimated 0.5 percentage point to 80.4 per cent, an increase which offset only about half of the January decline; the February rate of utilization in primary processing industries was about 2.5 percentage points less than the highest rate attained in 1976.

Capacity utilization in materials rose by an estimated 0.5 percentage point in February to 79.6 per cent, with gains shown by all major components. As in primary processing, the February rise in materials capacity utilization offset approximately half of the January decline. This rate of utilization remains about 2 percentage points below its highest rate in 1976 and well below earlier peak rates.

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 FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1977 JAN.	FEB.	
MANUFACTURING, TOTAL	88.0	69.6	79.2	79.6	79.8	80.3	80.5	80.9	81.1	80.4	79.7	80.8	81.1	80.0	80.7	
PRIMARY PROCESSING	93.6	67.8	80.8	81.0	81.2	81.4	82.1	82.1	82.4	83.1	81.8	82.1	81.2	79.9	80.4	
ADVANCED PROCESSING	85.4	70.5	78.6	78.7	78.8	79.6	79.3	79.7	80.1	78.9	78.6	79.9	81.1	80.1	81.0	
	OUTPUT					CAPACITY					UTILIZATION					
	1975 IV	1976 I	II	III	IV	1975 IV	1976 I	II	III	IV	1975 IV	1976 I	II	III	IV	
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	80.6	
PRIMARY PROCESSING	128.9	133.4	136.6	139.3	138.9	165.0	166.2	167.5	168.8	170.1	78.1	80.2	81.5	82.5	81.7	
ADVANCED PROCESSING	119.1	122.9	125.2	126.3	127.5	156.4	157.2	158.0	158.8	159.6	76.1	78.2	79.2	79.6	79.9	

Industrial Materials

SERIES.	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1976 FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1977 JAN.	FEB.
MATERIALS, TOTAL	93.1	69.7	79.3	79.7	80.1	80.8	80.8	81.2	81.6	81.0	80.3	80.3	80.2	78.9	79.6
DURABLE GOODS MATERIALS	92.5	64.3	74.0	74.3	75.4	76.6	76.5	78.5	78.9	77.8	76.8	76.6	76.2	74.8	75.6
BASIC METAL MATERIALS	97.7	66.1	73.8	72.9	75.5	79.1	77.7	81.9	83.5	79.2	77.7	73.6	72.5	71.9	73.1
NONDURABLE GOODS MATERIALS	94.6	67.8	85.9	86.3	86.2	85.5	86.0	84.9	84.7	85.4	85.0	84.5	84.2	82.9	83.6
TEX., PAPER, & CHEM. MAT.	94.5	65.5	85.3	86.1	85.6	84.6	84.8	83.8	83.6	84.4	84.1	83.1	83.2	82.1	82.7
TEXTILE MATERIALS	94.4	58.0	84.0	83.4	82.2	83.7	83.3	82.2	82.2	81.1	80.2	77.4	80.6	78.5	78.5
PAPER MATERIALS	100.5	71.8	89.9	89.8	90.9	90.1	91.9	90.2	90.4	89.1	89.5	88.6	86.7	86.7	88.0
CHEMICAL MATERIALS	93.8	64.7	84.3	86.0	85.2	83.3	83.4	82.6	82.1	84.0	83.7	83.4	82.9	81.8	82.3
ENERGY MATERIALS	94.6	82.7	84.6	85.0	84.2	85.2	84.9	83.9	84.4	83.5	83.3	84.6	85.1	84.2	84.6
	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	131.9	159.2	160.6	161.7	163.1	164.3	77.1	79.0	80.6	81.3	80.3
DURABLE GOODS MATERIALS	115.1	120.8	126.1	130.7	128.4	163.1	164.4	165.5	166.7	167.8	70.6	73.5	76.2	78.4	76.5
BASIC METAL MATERIALS	98.4	103.7	110.8	117.1	107.7	141.7	142.4	143.1	143.7	144.4	69.4	72.8	77.4	81.5	74.6
NONDURABLE GOODS MATERIALS	141.4	145.0	146.9	146.6	147.2	167.8	169.4	171.0	172.5	174.1	84.3	85.6	85.9	85.0	84.5
TEX., PAPER, & CHEM. MAT.	146.3	150.2	151.6	151.2	151.9	174.7	176.5	178.3	180.1	182.0	83.8	85.1	85.0	84.0	83.4
TEXTILE MATERIALS	118.2	116.5	115.5	114.4	111.7	137.2	138.2	139.0	139.8	140.6	86.2	84.3	83.1	81.8	79.4
PAPER MATERIALS	124.0	128.9	132.5	131.9	130.6	143.5	144.6	145.7	146.7	147.9	86.4	89.1	90.9	89.9	88.3
CHEMICAL MATERIALS	167.7	173.6	175.3	175.1	178.1	203.7	206.2	208.7	211.2	213.7	82.3	84.2	84.0	82.9	83.4
ENERGY MATERIALS	118.5	119.7	120.0	119.9	121.4	139.1	140.3	141.5	142.7	143.9	85.2	85.3	84.8	84.0	84.3

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.