



G.3

# FEDERAL RESERVE

## statistical release

For Immediate Release  
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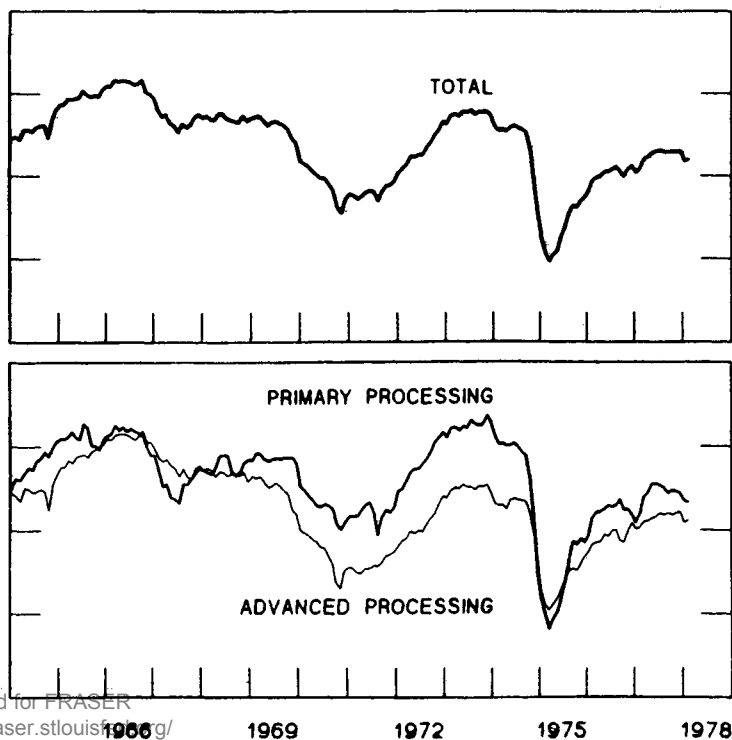
### CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS February 1978

Capacity utilization in manufacturing edged up slightly in February, following the drop of more than 1 percentage point in January. Scattered secondary effects of the coal strike and continuing bad weather in some regions were factors holding down manufacturing operating rates last month.

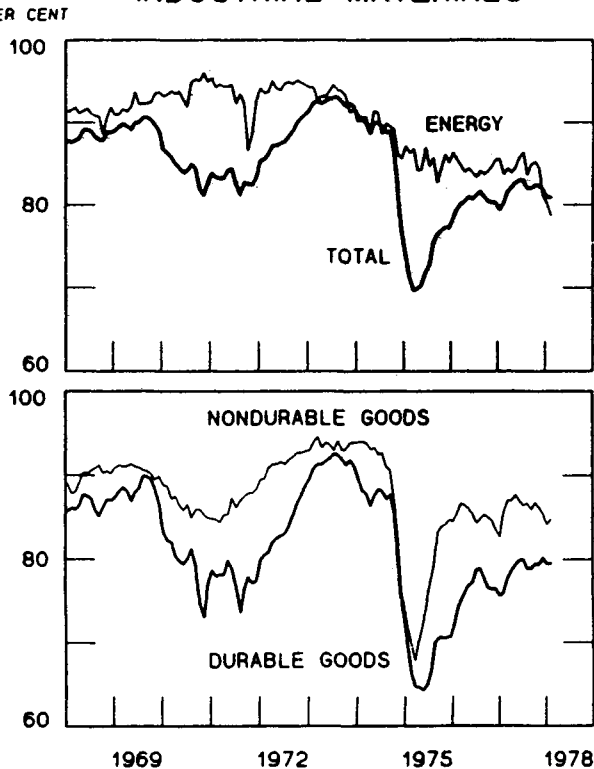
Capacity utilization in the materials sector was about unchanged from the reduced January level. At an estimated 80.9 per cent, operating rates of materials producers are at their lowest levels since February of last year.

The manufacturing operating rate remained almost flat throughout the second half of 1977 near its average of 83 per cent since 1948. The operating rate in the materials sector declined on balance during the second half of last year and has fallen below its historical average.

#### 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	
	1973 HIGH	1975 LOW	1977 FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	
MANUFACTURING, TOTAL	88.0	69.6	80.9	82.1	82.3	82.8	83.0	83.1	82.9	82.9	82.9	82.9	83.0	81.8	82.0	
PRIMARY PROCESSING	93.6	68.1	82.0	84.0	84.4	85.5	85.5	85.3	85.1	84.4	84.7	84.7	84.4	83.5	83.3	
ADVANCED PROCESSING	85.4	70.4	80.3	81.0	81.1	81.4	81.6	82.0	81.8	82.0	81.8	81.9	82.2	80.9	81.2	
	OUTPUT				CAPACITY				UTILIZATION							
	1976 IV	1977 I	1977 II	1977 III	1976 IV	1977 I	1977 II	1977 III	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	148.2	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															
	1973	1975	1977													1978
	HIGH	LOW	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	
MATERIALS, TOTAL	93.1	69.7	80.2	81.6	82.1	82.7	83.0	82.9	82.0	82.0	82.4	82.3	81.8	81.0	80.9	
DURABLE GOODS MATERIALS	92.5	64.3	76.0	77.6	78.7	79.4	79.9	80.0	78.9	78.9	79.5	79.4	80.2	79.5	79.6	
BASIC METAL MATERIALS	97.7	66.1	72.9	78.4	79.3	81.2	80.2	77.6	74.8	73.4	75.6	74.2	75.7	75.5		
NONDURABLE GOODS MATERIALS	94.6	67.8	85.7	87.0	87.0	87.7	87.0	86.4	86.7	85.9	85.8	86.1	85.4	84.2	84.8	
TEX., PAPER, & CHEM. MAT.	94.5	65.5	83.8	85.9	86.0	86.7	86.1	85.1	85.3	84.7	84.9	84.3	83.6	83.4	83.7	
TEXTILE MATERIALS	94.4	58.0	77.7	79.9	78.8	78.8	76.7	77.4	78.7	80.3	82.9	82.4	82.6	79.9		
PAPER MATERIALS	100.5	71.8	89.6	89.7	88.3	90.7	89.2	89.0	89.7	89.1	88.3	86.7	84.8	85.8		
CHEMICAL MATERIALS	93.8	64.7	84.0	86.6	87.5	87.9	87.6	86.4	85.9	84.8	84.6	84.4	83.5	83.7		
ENERGY MATERIALS	94.6	82.7	83.7	84.4	83.9	84.5	85.8	86.3	83.6	84.9	85.2	84.4	81.0	80.1	78.7	
	OUTPUT				CAPACITY				UTILIZATION							
	1976 IV	1977 I	1977 II	1977 III	1976 IV	1977 I	1977 II	1977 III	1976 IV	1977 I	1977 II	1977 III	1978 JAN.	1978 FEB.		
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	137.7	167.8	169.0	170.3	171.6	172.6	76.5	76.5	79.4	79.2	79.7	
BASIC METAL MATERIALS	107.4	108.6	116.4	109.4	109.4	144.4	144.8	145.1	145.3	145.5	74.4	75.0	80.2	75.3	75.2	
NONDURABLE GOODS MATERIALS	146.9	149.5	154.6	154.4	154.8	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	159.2	182.0	183.6	185.4	187.1	188.9	83.2	83.8	86.3	85.1	84.3	
TEXTILE MATERIALS	112.1	111.3	110.9	112.3	118.2	140.6	141.4	141.9	142.5	143.0	79.7	78.7	78.1	78.8	82.6	
PAPER MATERIALS	130.2	131.7	134.3	135.1	132.0	147.9	148.9	150.1	151.3	152.5	88.1	88.4	89.5	89.3	86.6	
CHEMICAL MATERIALS	177.3	181.6	191.6	189.5	188.2	213.7	216.2	218.7	221.2	223.6	83.0	84.0	87.7	85.7	84.2	
ENERGY MATERIALS	122.0	122.0	122.6	123.4	121.7	143.9	144.3	144.7	145.2	145.7	84.8	84.5	84.8	85.0	83.5	

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.