



# FEDERAL RESERVE

## statistical release

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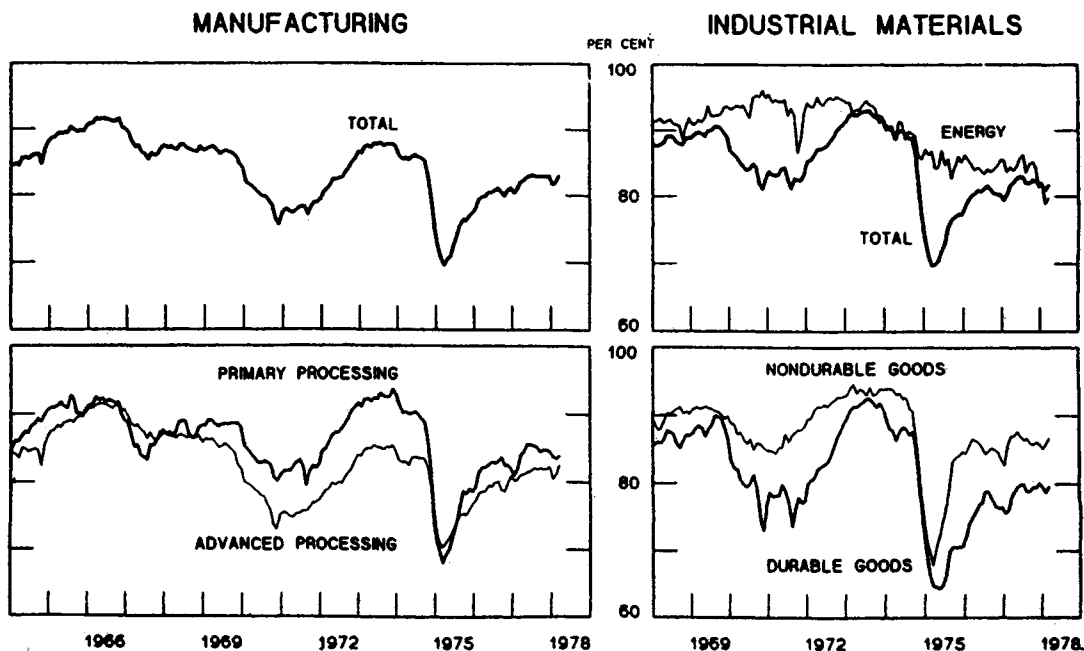
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### CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS March 1978

Capacity utilization in manufacturing rose by an estimated 1 percentage point in March to 82.9 per cent. This increase brought manufacturing operating rates back to levels maintained during the latter two-thirds of 1977. Operating rate gains were widespread throughout both the advanced processing and primary processing sectors. A large increase in production of transportation equipment, particularly production of motor vehicles, was a significant factor in a sizable rise in capacity utilization in the advanced processing sector.

Utilization of industrial materials capacity increased by about 0.8 percentage point in March to 81.7 per cent. Operating rates rose by about the same amount in each of the three major subsectors. Operating rates in the durable and nondurable materials subsectors have returned to values close to those attained on average in the latter half of 1977. The operating rate in the energy materials sector in March still was somewhat depressed by the effects of the coal strike, as many Eastern mines did not return to full production until the end of the month.

Preliminary first quarter figures indicate that operating rates both in manufacturing and in materials were down about 1 percentage point from the last two quarters of 1977. However, the first quarter utilization rates were up about 1 percentage point from the same quarter last year.



# 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 MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.
MANUFACTURING, TOTAL	68.0	69.6	82.1	82.3	82.6	83.0	83.1	82.9	82.9	82.9	82.9	83.0	81.7	81.9	82.9
PRIMARY PROCESSING	93.6	68.1	84.0	84.4	85.5	85.5	85.3	85.1	84.4	84.7	84.7	84.5	83.7	83.4	83.8
ADVANCED PROCESSING	85.4	70.4	81.0	81.1	81.4	81.6	82.0	81.8	82.0	81.8	81.9	82.2	80.4	81.1	82.4
	OUTPUT				CAPACITY				UTILIZATION						
	1977	1977	1977	1978	1977	1977	1977	1978	1977	1977	1977	1978	1977	1977	1978
MANUFACTURING, TOTAL	133.1	136.9	138.7	139.9	139.9	164.0	165.6	167.1	168.7	170.3	81.2	82.7	83.0	82.9	82.2
PRIMARY PROCESSING	140.1	146.3	147.3	148.2	147.8	170.2	171.8	173.5	175.1	176.6	82.3	85.1	84.9	84.6	83.6
ADVANCED PROCESSING	129.3	132.0	134.2	135.6	135.7	160.7	162.2	163.8	165.3	166.9	80.5	81.4	81.9	82.0	81.3

## Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION												1978		
	1973 HIGH	1975 LOW	1977 MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.
MATERIALS, TOTAL	93.1	69.7	81.6	82.1	82.7	83.0	82.9	82.0	82.0	82.4	82.3	81.9	81.7	80.9	81.7
DURABLE GOODS MATERIALS	92.5	64.3	77.8	76.7	79.4	79.9	80.0	78.9	78.9	79.5	79.4	80.1	79.6	78.7	79.6
BASIC METAL MATERIALS	97.7	66.1	78.4	79.3	81.2	80.2	77.6	74.8	73.4	75.0	74.2	75.7	75.7	75.6	
NONDURABLE GOODS MATERIALS	94.6	67.8	87.0	87.0	87.7	87.0	86.4	66.7	85.9	85.8	86.1	85.8	85.2	85.9	86.7
TEX., PAPER, & CHEM. MAT.	94.5	65.5	85.9	86.0	86.7	86.1	85.1	85.3	84.7	84.9	84.3	84.0	84.6	84.8	85.4
TEXTILE MATERIALS	94.4	58.0	79.9	78.8	78.8	76.7	77.4	78.7	80.3	82.9	82.4	82.0	80.1	80.7	
PAPER MATERIALS	100.5	71.8	89.7	88.3	90.7	89.2	89.0	89.7	89.1	88.3	86.7	85.2	87.7	86.5	
CHEMICAL MATERIALS	93.8	64.7	86.6	87.5	87.9	87.8	86.4	85.9	84.8	84.0	84.4	84.3	85.0	85.0	
ENERGY MATERIALS	94.6	82.7	84.4	83.9	84.5	85.8	86.3	83.6	84.9	85.2	84.4	81.4	82.1	78.9	79.7
	OUTPUT				CAPACITY				UTILIZATION						
	1977	1977	1977	1978	1977	1977	1977	1978	1977	1977	1977	1978	1977	1977	1978
MATERIALS, TOTAL	133.1	137.7	138.1	138.9	138.7	165.5	166.6	167.8	168.9	170.4	80.4	82.6	82.3	82.2	81.4
DURABLE GOODS MATERIALS	129.2	135.1	136.0	137.7	138.0	169.0	170.3	171.6	172.8	174.0	76.5	79.4	79.2	79.7	79.3
BASIC METAL MATERIALS	108.6	116.4	109.4	109.4		144.8	145.1	145.3	145.5		75.0	80.2	75.3	75.2	
NONDURABLE GOODS MATERIALS	149.5	154.6	154.4	155.0	156.7	175.6	177.2	178.8	180.4	182.3	85.1	87.2	86.3	85.9	85.9
TEX., PAPER, & CHEM. MAT.	153.9	159.9	159.2	159.5	162.1	183.6	185.4	187.1	188.9	190.8	83.8	86.3	85.1	84.5	85.0
TEXTILE MATERIALS	111.3	110.9	112.3	117.9		141.4	141.9	142.5	143.0		78.7	78.1	78.8	82.4	
PAPER MATERIALS	131.7	134.3	135.1	132.3		148.9	150.1	151.3	152.5		88.4	89.5	89.3	86.7	
CHEMICAL MATERIALS	181.6	191.8	189.5	188.9		216.2	218.7	221.2	223.6		84.0	87.7	85.7	84.5	
ENERGY MATERIALS	122.0	122.6	123.4	121.9	118.1	144.3	144.7	145.2	145.7	147.2	84.5	84.6	85.0	83.7	80.2

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 LWS 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.