



FEDERAL RESERVE

statistical release

G.3

For immediate release
May 16

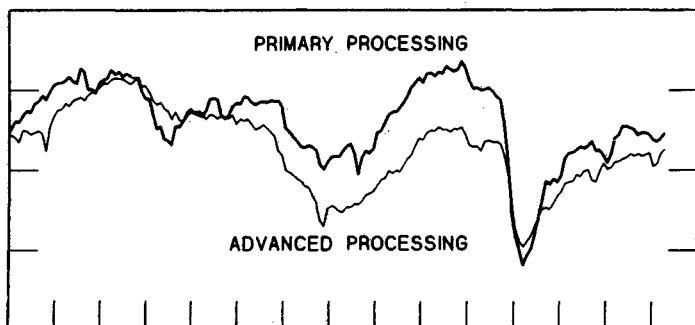
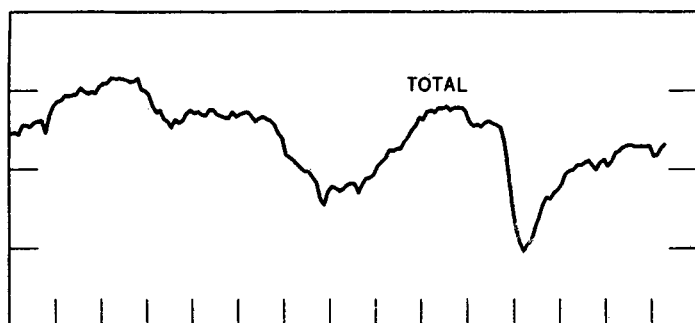
CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS April 1978

Capacity utilization in manufacturing increased by an estimated .5 percentage point in April to 83.2 per cent. Large gains in production of metals and of motor vehicles and parts accounted for more than half of the overall rise. Increases in production of machinery also contributed to the rise in manufacturing operating rates. The operating rate for the advanced processing sector rose by .5 percentage point to 82.6 per cent, and the rate for the primary processing sector increased by .6 percentage point to 84.6 per cent.

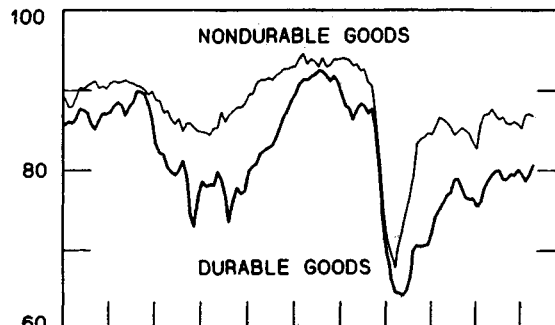
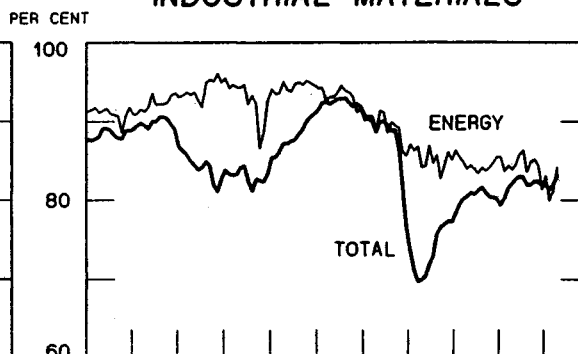
Utilization of capacity for production of industrial materials rose by more than 1 percentage point in April to an estimated 83.2 per cent. Large increases in operating rates by producers of durable materials, and especially large gains in the energy materials sector were responsible for the rise in total materials capacity utilization. Resumption of high levels of coal production in Eastern mines was a factor in the large gain within the energy materials sector. Nondurable goods materials utilization rates were off slightly in April.

The April increases in capacity utilization brought rates in both manufacturing and materials to their highest levels since October 1974.

MANUFACTURING



INDUSTRIAL MATERIALS



1966 1969 1972 1975 1978

1969 1972 1975 1978

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 APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	
MANUFACTURING, TOTAL	88.0	69.6	82.3	82.6	83.0	83.1	82.9	82.9	82.9	82.9	83.0	81.7	81.8	82.7	83.2	
PRIMARY PROCESSING	93.6	68.1	64.4	85.5	85.5	85.3	85.1	84.4	84.7	84.7	84.5	83.8	83.6	84.0	84.6	
ADVANCED PROCESSING	85.4	70.4	81.1	81.4	81.6	82.0	81.8	82.0	81.8	81.9	82.2	80.5	80.8	82.1	82.6	
SERIES	OUTPUT				CAPACITY				UTILIZATION							
	1977 I	II	III	IV	1978 I	II	III	IV	1977 I	II	III	IV	1978 I			
MANUFACTURING, TOTAL	133.1	136.9	136.7	139.9	139.8	164.0	165.6	167.1	168.7	170.3	81.2	82.7	83.0	82.9	82.1	
PRIMARY PROCESSING	140.1	146.3	147.3	148.2	148.1	170.2	171.8	173.5	175.1	176.8	82.3	85.1	84.9	84.6	83.8	
ADVANCED PROCESSING	129.3	132.0	134.2	135.6	135.4	160.7	162.2	163.8	165.3	166.9	80.5	81.4	81.9	82.0	81.1	

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION												1978			
	1973 HIGH	1975 LOW	1977 APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	
MATERIALS, TOTAL	93.1	69.7	82.1	82.7	83.0	82.9	82.0	82.0	82.4	82.3	81.9	81.9	81.4	82.0	83.2	
DURABLE GOODS MATERIALS	92.5	64.3	76.7	79.4	79.9	80.0	78.9	78.9	79.5	79.4	80.1	79.6	78.7	79.5	80.7	
BASIC METAL MATERIALS	97.7	66.1	79.3	81.2	80.2	77.6	74.8	73.4	75.6	74.2	75.7	75.7	76.1	76.0		
NONDURABLE GOODS MATERIALS	94.6	67.8	87.0	87.7	87.0	86.4	86.7	85.9	85.8	86.1	85.8	85.3	87.0	87.1	86.8	
TEX., PAPER, & CHEM. MAT.	94.5	65.5	86.0	86.7	86.1	85.1	85.3	84.7	84.9	84.3	84.0	64.5	85.4	85.6	85.2	
TEXTILE MATERIALS	94.4	58.0	78.8	78.6	76.7	77.4	78.7	80.3	82.9	82.4	82.0	80.1	80.7	80.5		
PAPER MATERIALS	100.3	71.8	88.3	90.7	89.2	89.0	89.7	89.1	88.3	86.7	85.2	88.1	89.7	90.0		
CHEMICAL MATERIALS	93.8	64.7	87.5	87.9	87.8	86.4	85.9	84.8	84.6	84.4	84.3	84.8	85.6	86.0		
ENERGY MATERIALS	94.6	82.7	83.9	84.5	85.8	86.3	83.6	84.9	85.2	84.4	81.4	83.1	80.0	81.2	84.2	
SERIES	OUTPUT				CAPACITY				UTILIZATION							
	1977 I	II	III	IV	1978 I	II	III	IV	1977 I	II	III	IV	1978 I			
MATERIALS, TOTAL	133.1	137.7	138.1	138.9	139.3	165.5	166.6	167.8	168.9	170.4	80.4	82.6	82.3	82.2	81.7	
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	110.7	144.8	145.1	145.3	145.5	145.8	75.0	80.2	75.3	75.2	75.9	
NONDURABLE GOODS MATERIALS	149.5	154.6	154.4	155.0	157.6	175.6	177.2	178.8	180.4	182.3	85.1	87.2	86.3	85.9	86.5	
TEX., PAPER, & CHEM. MAT.	153.9	159.9	159.2	159.5	162.5	183.6	185.4	187.1	188.9	190.8	83.8	86.3	85.1	84.5	85.2	
TEXTILE MATERIALS	111.3	110.9	112.3	117.9	115.5	141.4	141.9	142.5	143.0	143.5	78.7	78.1	78.8	82.4	80.5	
PAPER MATERIALS	131.7	134.3	135.1	132.3	137.1	168.9	150.1	151.3	152.5	153.6	88.4	89.5	89.3	86.7	89.3	
CHEMICAL MATERIALS	181.6	191.8	189.5	188.9	193.7	216.2	218.7	221.2	223.6	226.6	84.0	87.7	85.7	84.5	85.5	
ENERGY MATERIALS	122.0	122.6	123.4	121.9	119.9	144.3	144.7	145.2	145.7	147.2	84.5	84.8	85.0	83.7	81.4	

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.