



FEDERAL RESERVE

statistical release

G.3

For immediate release
June 16

CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS

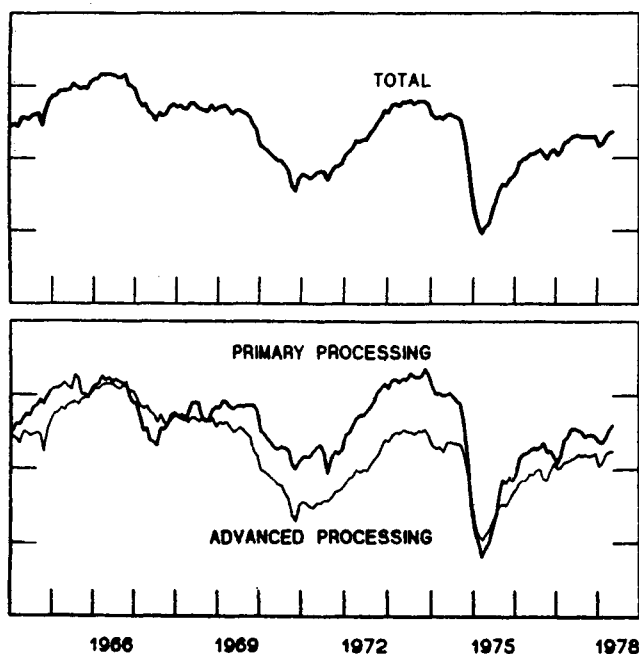
May 1978

Capacity utilization in manufacturing increased by an estimated 0.2 percentage point in May to 83.6 per cent. The May increase followed larger gains in March and April that partly reflected the recovery of production from the effects of the coal miners' strike and severe winter weather. The utilization rate in the primary processing sector rose by 0.7 percentage point in May to 86.0 per cent; sizable increases in production of metals contributed to this gain. The operating rate in the advanced processing sector was unchanged at 82.4 per cent, as a decline in production of motor vehicles and parts held down the utilization rate for this sector. In the previous 3 months, large gains in output by the motor vehicle industry had contributed to increases in the advanced processing utilization rate.

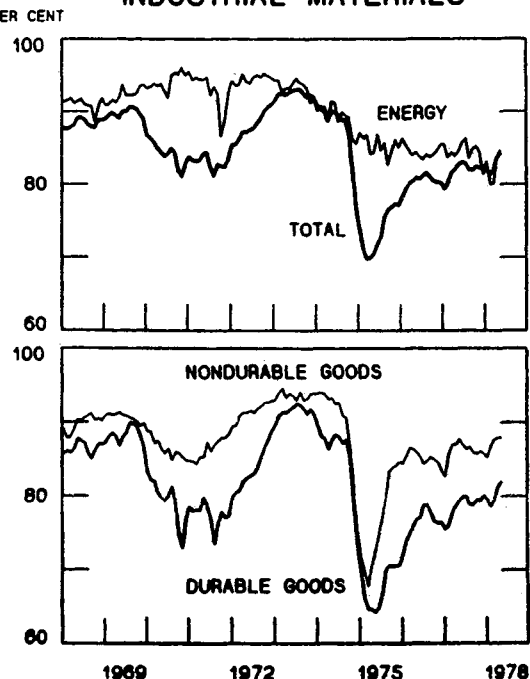
Utilization of capacity for industrial materials production increased by an estimated 0.6 percentage point in May to 84.2 per cent. Gains in operating rates in the production of durable goods materials and of energy materials accounted for the over-all rise. Capacity utilization in the nondurable goods materials sector was about unchanged.

Operating rates in manufacturing and in the materials sector in May were the highest since before the 1974-75 recession in industrial production. Utilization rates in most major industry or materials groupings are near their historical average values and are well below previous peak figures.

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														
	1973 HIGH	1975 LOW	1977 MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1978 JAN.	FEB.	MAR.	APR.	MAY
MANUFACTURING, TOTAL	88.0	69.6	82.8	83.0	83.1	82.9	82.9	82.9	82.9	83.0	81.7	81.9	82.7	83.4	83.6
PRIMARY PROCESSING	93.6	68.1	85.5	85.5	85.3	85.1	84.4	84.7	84.7	84.5	83.8	83.6	84.2	85.3	86.0
ADVANCED PROCESSING	85.4	70.4	81.4	81.6	82.0	81.6	82.0	81.8	81.9	82.2	80.5	80.8	82.0	82.4	82.4
SERIES	OUTPUT				CAPACITY				UTILIZATION						
	1977 I	II	III	IV	1978 I	II	III	IV	1978 I	II	III	IV	1978 I		
MANUFACTURING, TOTAL	133.1	136.9	138.7	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	148.2	170.2	171.8	173.5	175.1	176.0	82.3	85.1	84.9	84.6	83.9
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														
	1973 HIGH	1975 LOW	1977 MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1978 JAN.	FEB.	MAR.	APR.	MAY
MATERIALS, TOTAL	93.1	69.7	82.7	83.0	82.9	82.0	82.0	82.4	82.3	81.9	81.9	81.3	82.0	83.6	84.2
DURABLE GOODS MATERIALS	92.5	64.3	79.4	79.9	80.0	78.9	78.9	79.5	79.4	80.1	79.6	78.7	79.5	81.2	81.9
BASIC METAL MATERIALS	97.7	66.1	81.2	80.2	77.6	74.8	73.4	75.6	74.2	75.7	75.7	76.1	75.7	79.6	
NONDURABLE GOODS MATERIALS	94.6	67.8	87.7	87.0	86.4	86.7	85.9	85.8	86.1	85.6	85.3	86.9	87.7	87.9	86.0
TEX., PAPER, & CHEM. MAT.	94.5	65.5	86.7	86.1	85.1	85.3	84.7	84.9	84.3	84.0	84.5	85.3	86.3	86.6	86.6
TEXTILE MATERIALS	94.4	58.0	78.8	76.7	77.4	78.7	80.3	82.9	82.4	82.0	80.1	80.7	80.0	80.5	
PAPER MATERIALS	100.5	71.8	90.7	89.2	89.0	89.7	89.1	88.3	86.7	85.2	88.1	89.0	89.5	90.1	
CHEMICAL MATERIALS	93.8	64.7	87.9	87.8	86.4	85.9	84.8	84.6	84.4	84.3	84.8	85.7	87.3	87.3	
ENERGY MATERIALS	94.6	82.7	84.5	85.8	86.3	83.6	84.9	85.2	84.4	81.4	83.1	80.0	80.1	83.5	84.6
SERIES	OUTPUT				CAPACITY				UTILIZATION						
	1977 I	II	III	IV	1978 I	II	III	IV	1978 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	110.5	144.8	145.1	145.3	145.5	145.8	75.0	80.2	75.3	75.2	75.8
NONDURABLE GOODS MATERIALS	149.5	154.6	154.4	155.0	157.9	175.6	177.2	178.8	180.4	182.3	85.1	87.2	86.3	85.9	86.6
TEX., PAPER, & CHEM. MAT.	153.9	159.9	159.2	159.5	163.0	183.6	185.4	187.1	188.9	190.8	83.8	86.3	85.1	84.5	85.4
TEXTILE MATERIALS	111.3	110.9	112.3	117.9	115.2	141.4	141.9	142.5	143.0	143.5	78.7	76.1	78.8	82.4	80.3
PAPER MATERIALS	131.7	134.3	135.1	132.3	136.5	148.9	150.1	151.3	152.5	153.6	88.4	89.5	89.3	86.7	88.9
CHEMICAL MATERIALS	181.6	191.8	189.5	188.9	194.8	216.2	218.7	221.2	223.6	226.6	84.0	87.7	85.7	84.5	86.0
ENERGY MATERIALS	122.0	122.6	123.4	121.9	119.3	144.3	144.7	145.2	145.7	147.2	84.5	84.8	85.0	83.7	81.0

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.