



FEDERAL RESERVE

statistical release

For immediate release
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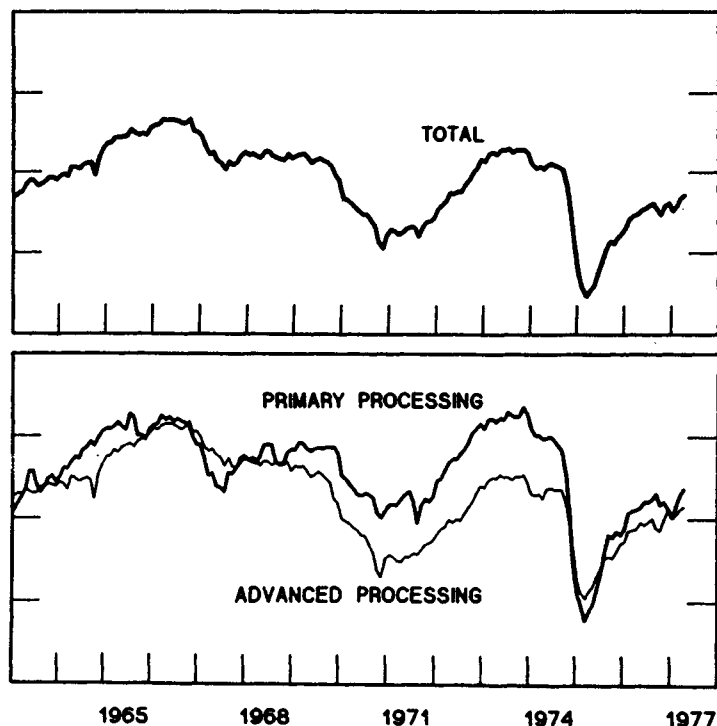
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CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS May 1977

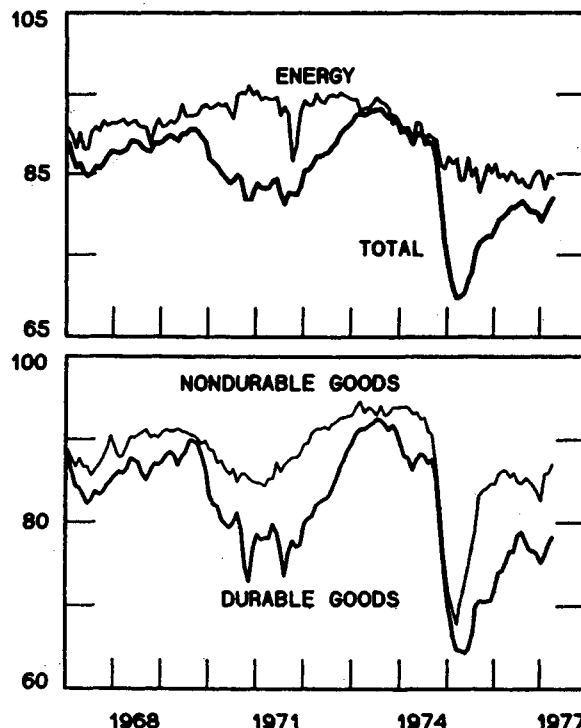
Capacity utilization in manufacturing is estimated to have increased .9 percentage point in May to 83.3 per cent. Utilization rates in the primary processing and advanced processing sectors of manufacturing are estimated to have increased by about the same amount. Large gains in steel production were an important element in the increase in primary processing utilization rates. Moderate gains were widespread throughout the rest of the primary processing sector, with the exception of the petroleum industry, in which production moved down slightly from a high level of operations in April. Increases in production of equipment other than motor vehicles contributed significantly to the rise of advanced processing utilization rates. Primary processing and advanced processing utilization rates are both at their historical averages for the 1948-75 period.

Capacity utilization in materials increased an estimated .8 percentage point in May to 83.1 per cent. Gains were most pronounced amongst durable goods materials, with the jump in steel production contributing largely to this rise. Utilization rates for nondurable goods materials and energy materials moved up by small amounts.

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 MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1977 JAN.	FEB.	MAR.	APR.	MAY
MANUFACTURING, TOTAL	88.0	69.6	80.3	80.5	80.9	81.1	80.4	79.7	80.8	81.2	80.2	80.8	82.0	82.4	83.3
PRIMARY PROCESSING	93.6	67.8	81.4	82.1	82.1	82.4	83.1	81.8	82.1	81.3	80.3	81.5	83.3	84.0	84.9
ADVANCED PROCESSING	85.4	70.5	79.6	79.3	79.7	80.1	78.9	78.6	79.9	81.1	80.1	80.4	81.3	81.5	82.3
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1976 I	II	III	IV	1977 I	1976 I	II	III	IV	1977 I	1976 I	II	III	IV	1977 I
MANUFACTURING, TOTAL	126.7	129.4	131.1	131.5	133.1	160.4	161.3	162.3	163.2	164.3	79.0	80.2	80.8	80.6	81.0
PRIMARY PROCESSING	133.4	136.6	139.3	138.9	140.0	166.2	167.5	168.8	170.1	171.4	80.2	81.5	82.5	81.7	81.7
ADVANCED PROCESSING	122.9	125.2	126.3	127.5	129.5	157.2	158.0	158.8	159.6	160.6	78.2	79.2	79.6	79.9	80.6

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1976 MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1977 JAN.	FEB.	MAR.	APR.	MAY
MATERIALS, TOTAL	93.1	69.7	80.8	80.8	81.2	81.6	81.0	80.3	80.3	80.1	79.1	80.0	81.6	82.3	83.1
DURABLE GOODS MATERIALS	92.5	64.3	76.6	76.5	78.5	78.9	77.8	76.8	76.6	76.3	75.2	75.7	77.8	79.0	80.3
BASIC METAL MATERIALS	97.7	66.1	79.1	77.7	81.9	83.5	79.2	77.7	73.6	72.5	72.4	72.4	78.0	79.3	
NONDURABLE GOODS MATERIALS	94.6	67.8	85.5	86.0	84.9	84.7	85.4	85.0	84.5	83.7	82.6	85.6	86.6	87.1	87.3
TEX., PAPER, & CHEM. MAT.	94.5	65.5	84.6	84.8	83.8	83.6	84.4	84.1	83.1	82.5	81.3	84.0	85.3	85.8	
TEXTILE MATERIALS	94.4	58.0	83.7	83.3	82.2	82.2	81.1	80.2	77.4	80.6	78.4	78.1	79.4	79.7	
PAPER MATERIALS	100.5	71.8	90.1	91.9	90.2	90.4	89.1	89.5	88.6	86.1	85.9	89.5	91.4	90.9	
CHEMICAL MATERIALS	93.8	64.7	83.3	83.4	82.6	82.1	84.0	83.7	83.4	82.2	80.9	84.1	85.5	86.2	
ENERGY MATERIALS	94.6	82.7	85.2	84.9	83.9	84.4	83.5	83.3	84.6	85.3	85.1	83.7	84.8	84.5	84.8
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1976 I	II	III	IV	1977 I	1976 I	II	III	IV	1977 I	1976 I	II	III	IV	1977 I
MATERIALS, TOTAL	126.9	130.3	132.6	131.8	132.8	160.6	161.7	163.1	164.3	165.5	79.0	80.6	81.3	80.2	80.3
DURABLE GOODS MATERIALS	120.8	126.1	130.7	128.4	128.9	164.4	165.5	166.7	167.8	169.0	73.5	76.2	78.4	76.5	76.3
BASIC METAL MATERIALS	103.7	110.8	117.1	107.7	107.5	142.4	143.1	143.7	144.4	144.8	72.8	77.4	81.5	74.6	74.2
NONDURABLE GOODS MATERIALS	145.0	146.9	146.6	147.0	149.2	169.4	171.0	172.5	174.1	175.6	85.6	85.9	85.0	84.4	84.9
TEX., PAPER, & CHEM. MAT.	150.2	151.6	151.2	151.5	153.4	176.5	178.3	180.1	182.0	183.6	85.1	85.0	84.0	83.2	83.6
TEXTILE MATERIALS	116.5	115.5	114.4	111.7	111.1	138.2	139.0	139.8	140.6	141.4	84.3	83.1	81.8	79.4	78.6
PAPER MATERIALS	128.9	132.5	131.9	130.2	132.4	144.6	145.7	146.7	147.9	148.9	89.1	90.9	89.9	88.1	88.9
CHEMICAL MATERIALS	173.6	175.3	175.1	177.6	180.5	206.2	208.7	211.2	213.7	216.2	84.2	84.0	82.9	83.1	83.5
ENERGY MATERIALS	119.7	120.0	119.9	121.5	121.9	140.3	141.5	142.7	143.9	144.3	85.3	84.8	84.0	84.4	84.5

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.