



FEDERAL RESERVE

statistical release

G.3 (402)

For immediate release
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CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS May 1979

Manufacturers operated at 85.6 per cent of capacity in May, up from the strike-affected April rate of 84.7 per cent, but below the 86.3 per cent reached last December.

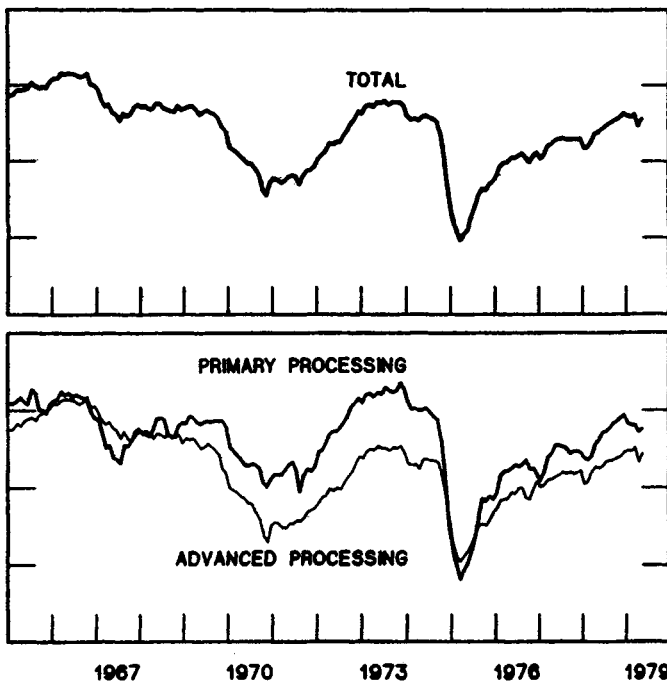
Industrial materials producers operated at 87.4 per cent of their capacity in May, up from the 86.7 per cent rate in April, but also below that of last December.

The May operating rate in manufacturing was below the December level mainly because of reduced rates for primary metals, motor vehicles and parts, and petroleum and products industries. From April to May, capacity utilization in advanced processing industries rose 1.1 percentage points to 84.4 per cent as output of motor vehicles and parts recouped most of its sharp April drop. Capacity utilization in primary processing industries rose to 87.6 per cent in May from 87.2 per cent in April.

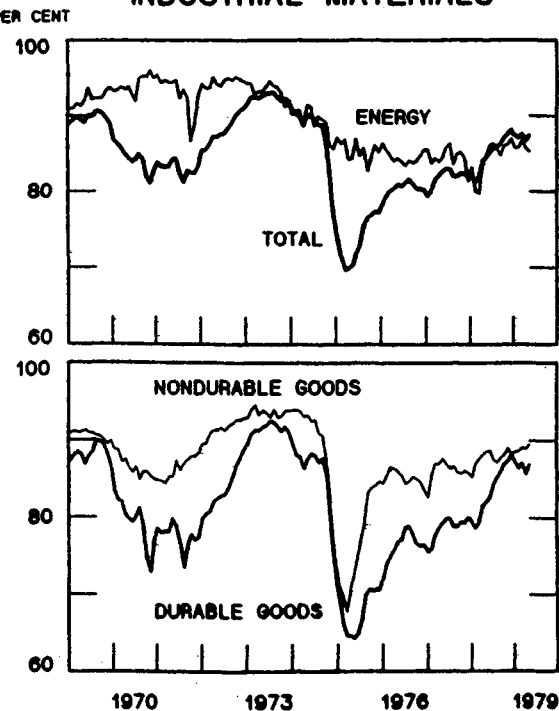
Among industrial materials, utilization rates for paper and chemical materials and equipment parts were in recent months above year-end levels, while rates for basic metal, textile, and energy materials and parts for consumer durable goods were below the December rates.

In May the capacity utilization rate for manufacturing was 2.4 percentage points below its 1973 peak of 88.0 per cent. The rate for advanced processing industries was 1 percentage point below the 1973 peak rate. The utilization rate for industrial materials production was 5.7 percentage points below its 1973 peak of 93.1 per cent.

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										1979				
	1973 HIGH	1975 LOW	1978 MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY
MANUFACTURING, TOTAL	88.0	69.6	83.9	84.3	84.7	85.0	85.3	85.5	85.8	86.3	86.0	85.9	86.2	84.7	85.6
PRIMARY PROCESSING	93.6	68.1	86.2	87.1	87.3	87.7	88.3	88.6	89.0	89.4	88.3	88.1	88.1	87.2	87.6
ADVANCED PROCESSING	85.4	70.4	82.5	82.8	83.4	83.5	83.6	83.8	84.0	84.6	84.8	84.7	85.2	83.3	84.4
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1978 I	II	III	IV	1979 I	1978 I	II	III	IV	1979 I	1978 I	II	III	IV	1979 I
MANUFACTURING, TOTAL	139.8	144.4	147.7	150.6	152.4	170.3	172.0	173.7	175.4	177.1	82.1	84.0	85.0	85.9	86.1
PRIMARY PROCESSING	148.2	154.1	158.2	161.9	162.1	176.8	178.5	180.2	181.9	183.8	83.8	86.3	87.8	89.0	88.2
ADVANCED PROCESSING	135.4	139.3	142.1	144.5	147.2	166.9	168.5	170.2	171.8	173.4	81.1	82.7	83.5	84.1	84.9

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION										1979				
	1973 HIGH	1975 LOW	1978 MAY	JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY
MATERIALS, TOTAL	93.1	69.7	84.5	85.1	85.7	85.9	86.3	87.1	87.6	88.1	87.4	87.1	87.6	86.7	87.4
DURABLE GOODS MATERIALS	92.5	64.3	82.1	82.8	84.5	85.3	86.1	87.0	87.3	88.2	87.3	86.5	87.1	85.7	86.9
BASIC METAL MATERIALS	97.7	66.1	80.4	80.8	83.1	85.6	86.4	87.4	87.9	89.1	84.8	83.5	85.0	83.4	
NONDURABLE GOODS MATERIALS	94.6	67.8	88.6	88.7	87.5	87.2	87.8	88.2	89.0	88.3	88.6	88.7	89.1	89.0	89.5
TEX., PAPER, & CHEM. MAT.	94.5	65.5	86.9	87.0	86.5	85.5	86.7	86.9	87.7	86.9	87.3	87.6	88.0	88.3	89.7
TEXTILE MATERIALS	94.4	58.0	81.0	81.7	81.1	80.2	81.9	81.8	82.9	81.9	81.1	79.4	80.8	80.0	
PAPER MATERIALS	100.5	71.8	90.5	90.2	86.9	84.4	88.2	87.7	87.7	86.8	84.7	87.6	88.8	89.6	
CHEMICAL MATERIALS	93.8	64.7	87.7	87.8	87.8	87.2	87.6	88.1	89.0	88.3	89.6	89.9	89.8	90.1	
ENERGY MATERIALS	94.6	82.7	84.7	86.1	86.3	85.6	84.8	86.0	86.2	86.9	85.8	85.8	86.7	85.7	85.3
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1978 I	II	III	IV	1979 I	1978 I	II	III	IV	1979 I	1978 I	II	III	IV	1979 I
MATERIALS, TOTAL	139.2	145.1	148.7	152.6	153.4	170.4	171.7	173.0	174.2	175.6	81.7	84.5	86.0	87.6	87.4
DURABLE GOODS MATERIALS	137.9	144.0	150.4	155.2	155.2	174.0	175.2	176.3	177.4	178.4	79.3	82.2	85.3	87.5	87.0
BASIC METAL MATERIALS	110.5	117.5	124.6	129.4	124.2	145.8	146.1	146.5	146.8	147.1	75.8	80.4	85.1	88.1	84.4
NONDURABLE GOODS MATERIALS	158.0	163.2	163.2	166.9	169.3	182.3	184.4	186.5	188.5	190.7	86.7	88.5	87.5	88.5	88.8
TEX., PAPER, & CHEM. MAT.	163.1	167.7	168.4	172.2	175.0	190.8	193.1	195.4	197.5	199.8	85.5	86.8	86.2	87.2	87.6
TEXTILE MATERIALS	115.3	117.1	117.3	119.4	117.3	143.5	144.1	144.7	145.2	145.8	80.3	81.2	81.0	82.2	80.5
PAPER MATERIALS	136.5	139.7	134.8	137.2	137.6	153.6	154.8	155.8	156.9	158.0	82.9	90.3	86.5	87.4	87.1
CHEMICAL MATERIALS	194.9	201.4	204.4	209.5	215.6	226.6	230.1	233.5	236.8	240.2	86.0	87.5	87.5	88.5	89.7
ENERGY MATERIALS	119.1	125.5	127.0	128.7	129.3	147.2	147.8	148.4	148.9	150.2	80.9	84.9	85.6	86.4	86.1

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.