



# FEDERAL RESERVE

## statistical release

G.3 (402)

For immediate release  
July 16, 1979

### CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS June 1979

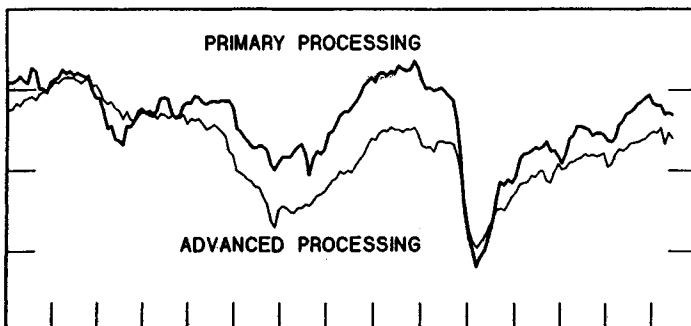
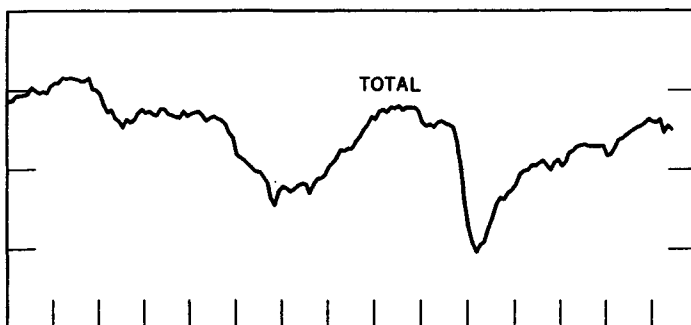
The utilization of manufacturing capacity in June declined by 0.5 percentage point from the May rate. Since March, the utilization rate for manufacturing has declined 1.3 percentage points and in June, at an 85.0 percent rate, was 3 points below its 1973 high.

Industrial materials producers operated at 86.6 percent of their capacity in June, compared to 86.8 percent in May. The industrial materials rate has declined by 1.5 percentage points since the end of 1978 and was 6.5 percentage points below the 1973 high.

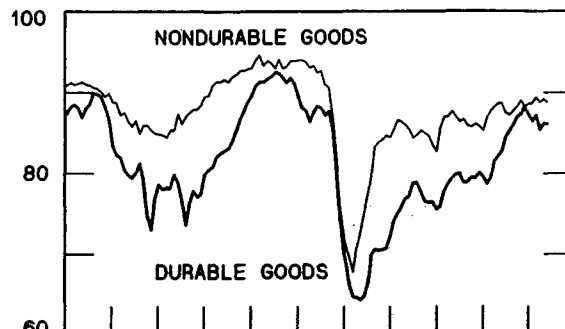
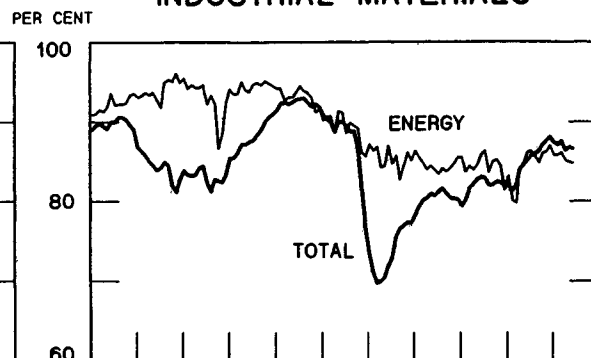
The June decline of the overall manufacturing utilization rate was mainly concentrated in the advanced processing industries and within those in the motor vehicle and home goods industries. Since March the utilization rate for the advanced processing industries has declined by 1.3 percentage points. In June the rate of utilization in advanced processing industries was only 1.4 percentage points from its 1973 high. The rate for primary processing was nearly 7 percentage points below its 1973 high and has declined 2.5 percentage points since last December.

Manufacturing capacity utilization in the second quarter at 85.0 percent was 1.1 percentage points below the first quarter rate, and materials capacity utilization at 86.6 percent was 0.8 percentage point below the first quarter rate.

#### MANUFACTURING



#### INDUSTRIAL MATERIALS



1967 1970 1973 1976 1979

1970 1973 1976 1979

# 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 JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	
MANUFACTURING, TOTAL	88.0	69.6	84.3	84.7	85.0	85.3	85.5	85.8	86.3	86.0	85.9	86.3	84.6	85.5	85.0	
PRIMARY PROCESSING	93.6	68.1	87.1	87.3	87.7	89.3	88.6	89.0	89.4	88.3	88.1	88.1	87.0	87.2	86.9	
ADVANCED PROCESSING	85.4	70.4	82.8	83.4	83.5	83.6	83.8	84.0	84.6	84.8	84.7	85.3	83.3	84.7	84.0	
	OUTPUT			1979				CAPACITY			1979			UTILIZATION		
	1978	1978	1978	1979	1978	1978	1978	1979	1978	1978	1978	1978	1979	1978	1978	
	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	
MANUFACTURING, TOTAL	144.4	147.7	150.6	152.5	152.1	172.0	173.7	175.4	177.1	178.9	84.0	85.0	85.9	86.1	85.0	
PRIMARY PROCESSING	154.1	158.2	161.9	162.1	161.8	178.5	180.2	181.9	183.8	185.8	86.3	87.8	89.0	88.2	87.0	
ADVANCED PROCESSING	139.3	142.1	144.5	147.3	147.1	168.5	170.2	171.8	173.4	175.1	82.7	83.5	84.1	84.9	84.0	

## Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION										1979					
	1973 HIGH	1975 LOW	1978 JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APR.	MAY	JUNE	
MATERIALS, TOTAL	93.1	69.7	85.1	85.7	85.9	86.3	87.1	87.6	88.1	87.4	87.1	87.6	86.4	86.8	86.6	
DURABLE GOODS MATERIALS	92.5	64.3	82.8	84.5	85.3	86.1	87.0	87.3	88.2	87.3	86.5	87.2	85.4	86.2	86.1	
BASIC METAL MATERIALS	97.7	66.1	80.9	83.1	85.6	86.4	87.4	87.9	89.1	84.8	83.5	85.1	83.4	83.8		
NONDURABLE GOODS MATERIALS	94.6	67.8	88.7	87.5	87.2	87.8	88.2	89.0	88.3	88.6	88.7	89.4	88.8	89.2	88.8	
TEX., PAPER, & CHEM. MAT.	94.5	65.5	87.0	86.5	85.5	86.7	86.9	87.7	86.9	87.3	87.6	88.2	88.0	88.2	87.8	
TEXTILE MATERIALS	94.4	58.0	81.7	81.1	80.2	81.9	81.8	82.9	81.9	81.1	79.4	81.1	80.1	81.2		
PAPER MATERIALS	100.5	71.8	90.2	86.9	94.4	88.2	87.7	87.7	86.8	84.7	87.6	88.8	88.9	88.5		
CHEMICAL MATERIALS	93.8	64.7	87.8	87.8	87.2	87.6	88.1	89.0	88.3	89.6	89.9	90.0	89.8	90.0		
ENERGY MATERIALS	94.6	82.7	86.1	86.3	85.6	84.8	86.0	86.2	86.9	85.8	85.8	86.1	85.1	84.9	84.8	
	OUTPUT			1979				CAPACITY			1979			UTILIZATION		
	1978	1978	1978	1979	1978	1978	1978	1979	1978	1978	1978	1978	1979	1978	1978	
	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	
MATERIALS, TOTAL	145.1	148.7	152.6	153.4	153.2	171.7	173.0	174.2	175.6	176.9	84.5	86.0	87.6	87.4	86.6	
DURABLE GOODS MATERIALS	144.0	150.4	155.2	155.2	154.1	175.2	176.3	177.4	178.4	179.4	82.2	85.3	87.5	87.0	85.9	
BASIC METAL MATERIALS	117.5	124.6	129.4	124.2		146.1	146.5	146.8	147.1		80.4	85.1	88.1	84.4		
NONDURABLE GOODS MATERIALS	163.2	163.2	166.9	169.5	171.4	184.4	186.5	188.5	190.7	192.7	88.5	87.5	88.5	88.9	89.0	
TEX., PAPER, & CHEM. MAT.	167.7	168.4	172.2	175.2	177.7	193.1	195.4	197.5	199.8	201.9	86.8	86.2	87.2	87.7	88.0	
TEXTILE MATERIALS	117.1	117.3	119.4	117.4		144.1	144.7	145.2	145.8		81.2	81.0	82.2	80.5		
PAPER MATERIALS	139.7	134.8	137.2	137.6		154.8	155.8	156.9	158.0		90.3	86.5	87.4	87.1		
CHEMICAL MATERIALS	201.4	204.4	209.5	215.8		230.1	233.5	236.8	240.2		87.5	87.5	88.5	89.8		
ENERGY MATERIALS	125.5	127.0	128.7	129.0	128.2	147.8	148.4	148.9	150.2	151.0	84.9	85.6	86.4	85.9	84.9	

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.