



FEDERAL RESERVE

statistical release

G.3

For immediate release
July 17, 1978

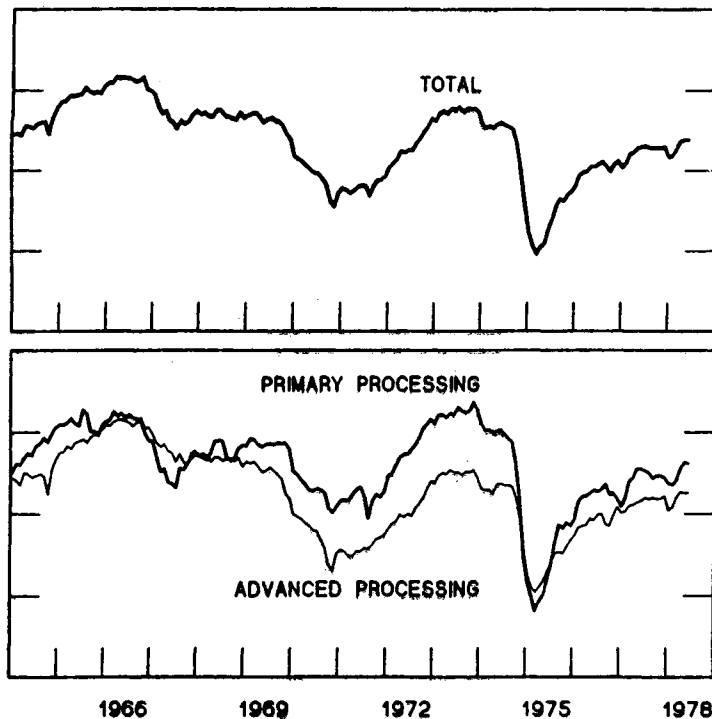
CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS June 1978

Capacity utilization in manufacturing was unchanged in June from an upward revised 83.9 per cent in May. Advanced processing and primary processing capacity utilization rates remained essentially unchanged at 82.6 per cent and 86.2 per cent, respectively.

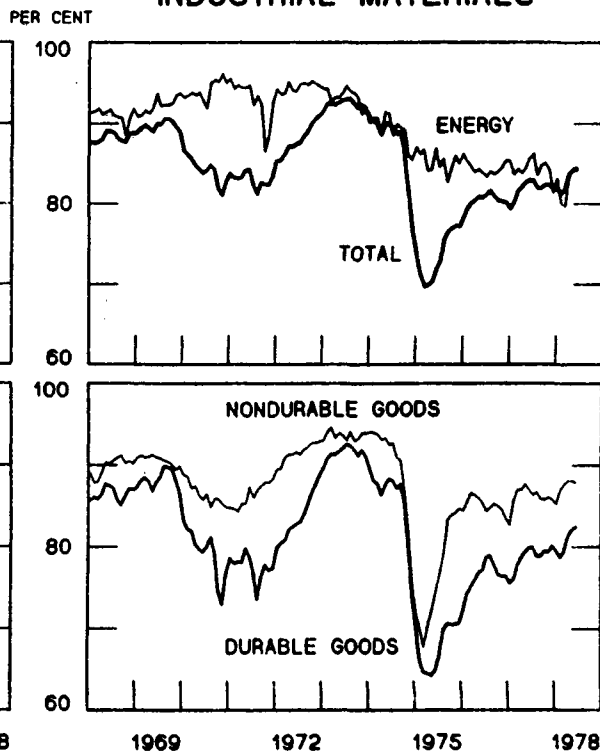
Capacity utilization in industrial materials production increased by an estimated .1 percentage point in June to 84.4 per cent. Moderate increases in capacity utilization occurred in the durable goods materials and energy materials sectors. Capacity utilization declined slightly in the nondurable goods materials sector.

Preliminary second quarter measures of capacity utilization showed strong gains from the first quarter in each of the major sectors of manufacturing and of materials. In total manufacturing, quarterly capacity utilization increased 1.7 percentage points to 83.8 per cent; the quarterly rate in materials rose 2.4 percentage points to 84.1 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															
	1973 HIGH	1975 LOW	1977 JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1978 JAN.	FEB.	MAR.	APR.	MAY	JUNE	
MANUFACTURING, TOTAL	88.0	69.6	83.0	83.1	82.9	82.9	82.9	82.9	83.0	81.7	81.9	82.7	83.7	83.9	83.9	
PRIMARY PROCESSING	93.6	68.1	85.5	85.3	85.1	84.4	84.7	84.7	84.5	83.8	83.6	84.1	85.5	86.3	86.2	
ADVANCED PROCESSING	85.4	70.4	81.6	82.0	81.8	82.0	81.8	81.9	82.2	80.5	80.8	82.0	82.7	82.6	82.6	
	OUTPUT					CAPACITY					UTILIZATION					
	1977 II	1977 III	1977 IV	1978 I	1978 II	1977 II	1977 III	1977 IV	1978 I	1978 II	1977 II	1977 III	1977 IV	1978 I	1978 II	
MANUFACTURING, TOTAL	136.9	138.7	139.9	139.8	144.2	165.6	167.1	168.7	170.3	172.0	82.7	83.0	82.9	82.1	83.8	
PRIMARY PROCESSING	146.3	147.3	148.2	148.2	153.4	171.8	173.5	175.1	176.8	178.5	85.1	84.9	84.6	83.8	86.0	
ADVANCED PROCESSING	132.0	134.2	135.6	135.4	139.2	162.2	163.8	165.3	166.9	168.5	81.4	81.9	82.0	81.1	82.6	

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION															
	1973 HIGH	1975 LOW	1977 JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1978 JAN.	FEB.	MAR.	APR.	MAY	JUNE	
MATERIALS, TOTAL	93.1	69.7	83.0	82.9	82.0	82.0	82.4	82.3	81.9	81.9	81.3	81.9	83.8	84.3	84.4	
DURABLE GOODS MATERIALS	92.5	64.3	79.9	80.0	78.9	78.9	79.5	79.4	80.1	79.6	78.7	79.4	81.4	82.1	82.5	
BASIC METAL MATERIALS	97.7	66.1	80.2	77.6	74.8	73.4	75.6	74.2	75.7	75.7	76.1	75.7	79.8	80.6		
NONDURABLE GOODS MATERIALS	94.6	67.8	87.0	86.4	86.7	85.9	85.8	86.1	85.8	85.3	86.9	87.7	88.1	88.1	87.9	
TEX., PAPER, & CHEM. MAT.	94.5	65.5	86.1	85.1	85.3	84.7	84.9	84.3	84.0	84.5	85.3	86.5	86.5	86.4	86.2	
TEXTILE MATERIALS	94.4	58.0	76.7	77.4	78.7	80.3	82.9	82.4	82.0	80.1	80.7	80.1	81.0	80.4		
PAPER MATERIALS	100.5	71.8	89.2	89.0	89.7	89.1	88.3	86.7	85.2	88.1	89.0	89.5	90.1	90.5		
CHEMICAL MATERIALS	93.8	64.7	87.8	86.4	85.9	84.8	84.6	84.4	84.3	84.8	85.7	87.4	87.2	87.0		
ENERGY MATERIALS	94.6	82.7	85.8	86.3	83.6	84.9	85.2	84.4	81.4	83.1	80.0	79.7	83.3	84.5	84.7	
	OUTPUT					CAPACITY					UTILIZATION					
	1977 II	1977 III	1977 IV	1978 I	1978 II	1977 II	1977 III	1977 IV	1978 I	1978 II	1977 II	1977 III	1977 IV	1978 I	1978 II	
MATERIALS, TOTAL	137.7	138.1	138.9	139.2	144.5	166.6	167.8	168.9	170.4	171.7	82.6	82.3	82.2	81.7	84.1	
DURABLE GOODS MATERIALS	135.1	136.0	137.7	137.9	143.7	170.3	171.6	172.8	174.0	175.2	79.4	79.2	79.7	79.3	82.0	
BASIC METAL MATERIALS	116.4	109.4	109.4	110.5		145.1	145.3	145.5	145.8		80.2	75.3	75.2	75.8		
NONDURABLE GOODS MATERIALS	154.6	154.4	155.0	158.0	162.3	177.2	178.8	180.4	182.3	184.4	87.2	86.3	85.9	86.7	88.0	
TEX., PAPER, & CHEM. MAT.	159.9	159.2	159.5	163.1	166.8	185.4	187.1	188.9	190.8	193.1	86.3	85.1	84.9	85.5	86.4	
TEXTILE MATERIALS	110.9	112.3	117.9	115.3		141.9	142.5	143.0	143.5		78.1	78.8	82.4	80.3		
PAPER MATERIALS	134.3	135.1	132.3	136.5		150.1	151.3	152.5	153.6		89.5	89.3	86.7	88.9		
CHEMICAL MATERIALS	191.8	189.5	188.9	194.9		218.7	221.2	223.6	226.6		87.7	85.7	84.5	86.0		
ENERGY MATERIALS	122.6	123.4	121.9	119.1	124.4	144.7	145.2	145.7	147.2	147.8	84.8	85.0	83.7	80.9	84.2	

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 1959 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. 20591. THE PRICE IS \$1.75 PER COPY; FOR TEN OR MORE, \$1.50 EACH.