



FEDERAL RESERVE

statistical release

G.3

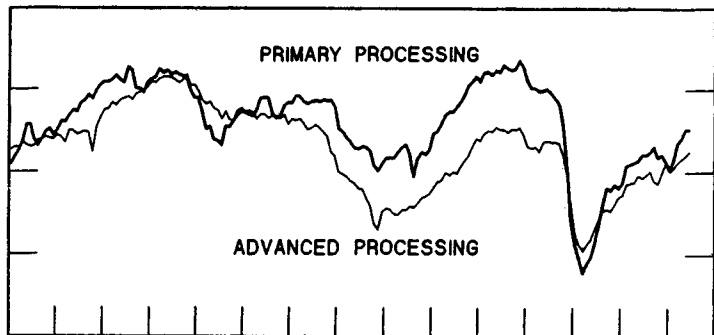
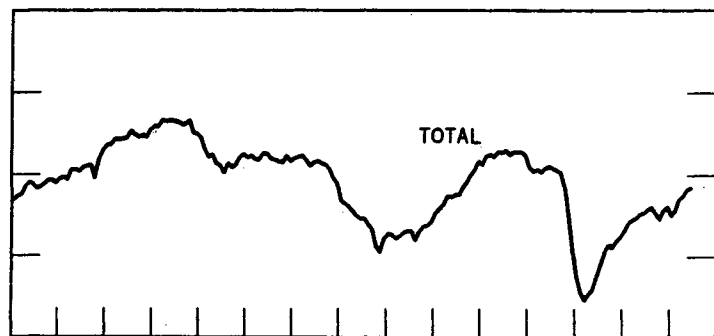
For immediate release
July 18, 1977

Capacity utilization in manufacturing is estimated to have increased slightly in June to 83.5 per cent. The utilization rate in the primary processing sector, at 85.2 per cent, was unchanged, while in the advanced processing sector, the rate rose one-half percentage point to 82.5 per cent. The June increase in the advanced processing sector is largely attributable to gains in production of equipment.

Capacity utilization in materials is estimated to have increased by .4 percentage point in June to 83.2 per cent. Utilization rates both for durable goods materials and for energy materials have increased almost 1 percentage point, while utilization rates for nondurable goods materials are estimated to have edged down.

Utilization rates in all major sectors are below the values attained in 1973 and at other post-World War II peaks.

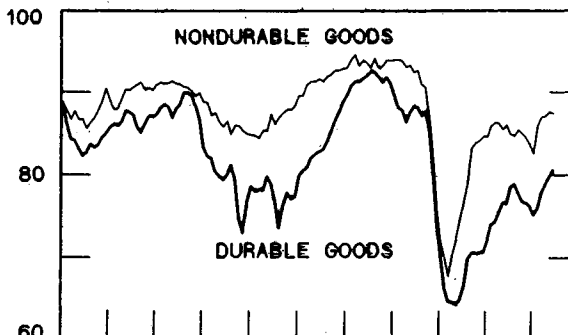
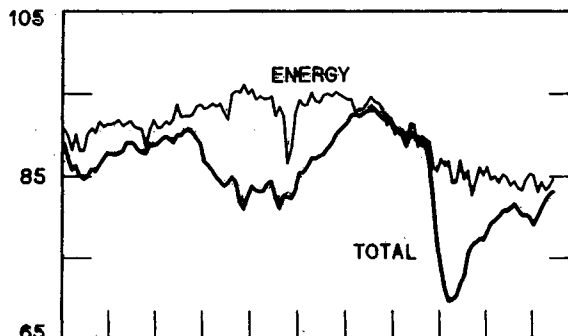
MANUFACTURING



1965 1968 1971 1974 1977

INDUSTRIAL MATERIALS

PER CENT



1968 1971 1974 1977

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 JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1977 JAN.	FEB.	MAR.	APR.	MAY	JUNE
MANUFACTURING, TOTAL	88.0	69.6	80.5	80.9	81.1	80.4	79.7	80.8	81.2	80.2	80.8	82.1	82.5	83.3	83.5
PRIMARY PROCESSING	93.6	67.8	82.1	82.1	82.4	83.1	81.8	82.1	81.2	80.3	81.5	83.5	84.1	85.2	85.2
ADVANCED PROCESSING	85.4	70.5	79.3	79.7	80.1	78.9	78.5	80.0	81.2	80.1	80.4	81.3	81.6	82.0	82.9
SERIES	OUTPUT				CAPACITY				UTILIZATION						
	1976 II	1976 III	1976 IV	1977 I	1976 II	1976 III	1976 IV	1977 I	1976 II	1976 III	1976 IV	1977 I	1977 II		
MANUFACTURING, TOTAL	129.4	131.1	131.5	133.2	137.6	161.3	162.3	163.2	164.3	165.6	80.2	80.8	80.6	81.1	83.1
PRIMARY PROCESSING	136.6	139.3	138.9	140.1	146.6	167.5	168.8	170.1	171.4	172.9	81.5	82.5	81.7	81.7	84.8
ADVANCED PROCESSING	125.2	126.3	127.5	129.4	132.8	158.0	158.8	159.6	160.6	161.8	79.2	79.6	79.9	80.6	82.1

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1976 JUNE	JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1977 JAN.	FEB.	MAR.	APR.	MAY	JUNE
MATERIALS, TOTAL	93.1	69.7	80.8	81.2	81.6	81.0	80.3	80.3	80.1	79.1	80.0	81.6	82.1	82.8	83.2
DURABLE GOODS MATERIALS	92.5	64.3	76.5	78.5	78.9	77.8	76.8	76.6	76.3	75.2	75.7	77.9	78.9	79.8	80.6
BASIC METAL MATERIALS	97.7	66.1	77.7	81.9	83.5	79.2	77.7	73.6	72.5	72.4	72.4	78.8	79.4	81.0	
NONDURABLE GOODS MATERIALS	94.6	67.8	86.0	84.9	84.7	85.4	85.0	84.6	83.8	82.6	85.6	87.0	87.1	87.6	87.4
TEX., PAPER, & CHEM. MAT.	94.5	65.5	84.8	83.8	83.6	84.4	84.1	83.3	82.5	81.3	84.0	85.8	86.3	87.0	
TEXTILE MATERIALS	94.4	58.0	83.3	82.2	82.2	81.2	80.2	78.2	80.6	78.4	78.1	79.4	79.5	80.2	
PAPER MATERIALS	100.5	71.8	91.9	90.2	90.4	89.1	89.5	88.6	86.1	85.9	89.5	90.0	89.2	91.1	
CHEMICAL MATERIALS	93.8	64.7	83.4	82.6	82.1	84.0	83.7	83.4	82.2	80.9	84.1	86.6	87.5	87.9	
ENERGY MATERIALS	94.6	82.7	84.9	83.9	84.4	83.5	83.3	84.6	85.3	85.1	83.7	84.3	83.4	83.8	84.7
SERIES	OUTPUT				CAPACITY				UTILIZATION						
	1976 II	1976 III	1976 IV	1977 I	1976 II	1976 III	1976 IV	1977 I	1976 II	1976 III	1976 IV	1977 I	1977 II		
MATERIALS, TOTAL	130.3	132.6	131.8	132.9	137.7	161.7	163.1	164.3	165.5	166.6	80.6	81.3	80.2	80.3	82.7
DURABLE GOODS MATERIALS	126.1	130.7	128.4	129.0	135.9	165.5	166.7	167.8	169.0	170.3	76.2	78.4	76.5	76.3	79.8
BASIC METAL MATERIALS	110.8	117.1	107.7	107.9	117.0	143.1	143.7	144.4	144.8	145.1	77.4	81.5	74.6	74.5	80.7
NONDURABLE GOODS MATERIALS	146.9	146.6	147.0	149.3	154.8	171.0	172.5	174.1	175.6	177.2	85.9	85.0	84.5	85.0	87.4
TEX., PAPER, & CHEM. MAT.	151.6	151.2	151.6	153.7	160.6	178.3	180.1	182.0	183.6	185.4	85.0	84.0	83.3	83.7	86.6
TEXTILE MATERIALS	115.5	114.4	112.1	111.1	113.3	139.0	139.8	140.6	141.4	141.9	83.1	81.8	79.7	78.6	79.9
PAPER MATERIALS	132.5	131.9	130.2	131.7	135.6	145.7	146.7	147.9	148.9	150.1	90.9	89.9	88.1	88.4	90.4
CHEMICAL MATERIALS	175.3	175.1	177.6	181.4	191.6	208.7	211.2	213.7	216.2	218.7	84.0	82.9	83.1	83.9	87.6
ENERGY MATERIALS	120.0	119.9	121.5	121.7	121.5	141.5	142.7	143.9	144.3	144.7	84.8	84.0	84.4	84.3	83.9

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.