



FEDERAL RESERVE

statistical release

G.3

For immediate release
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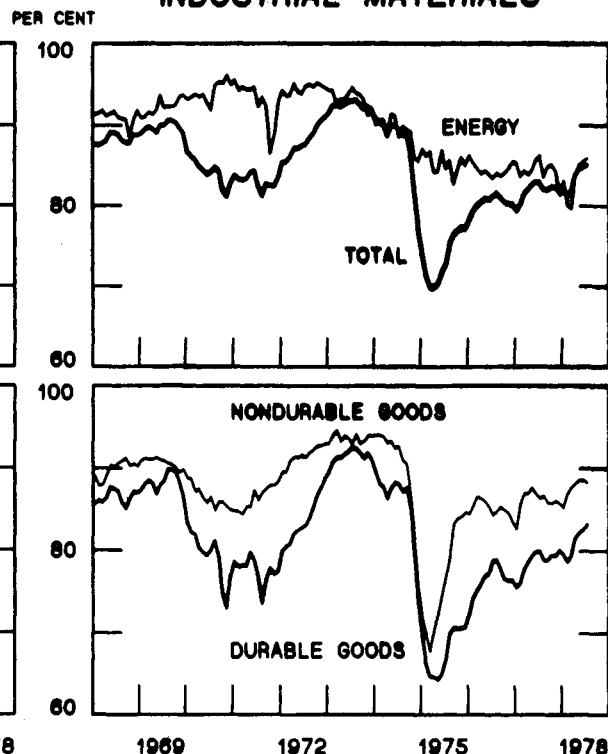
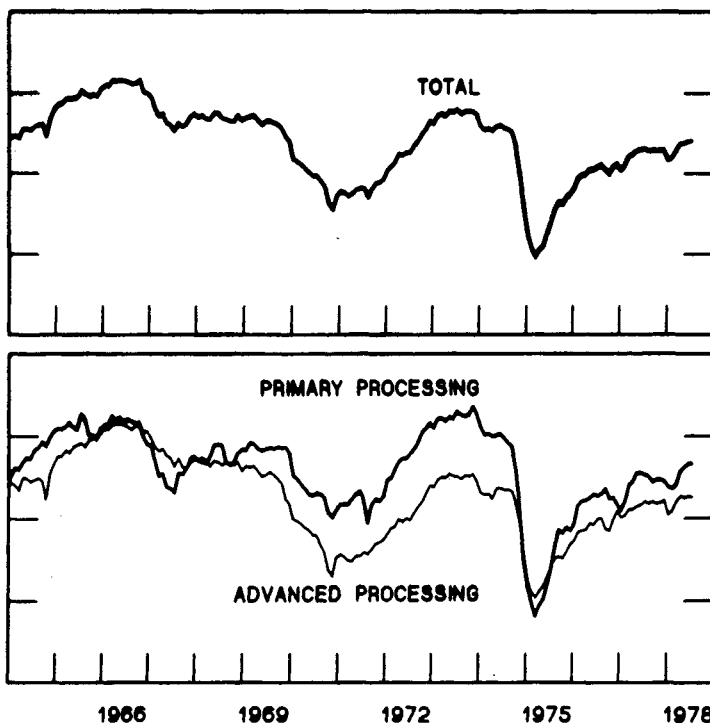
CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS July 1978

Capacity utilization in manufacturing increased by an estimated 0.1 percentage point in July to 84.1 per cent--one percentage point above its level a year earlier. Within manufacturing, the advanced processing rate was unchanged at 82.6 per cent while the primary processing rate edged up to 86.7 per cent.

Utilization of capacity to produce industrial materials increased by 0.3 percentage points in July to 85.2 per cent. This increase reflected continued increases in utilization in the durable goods materials and energy materials sectors. Utilization in the nondurable goods materials sector was affected by a paper strike and declined by 0.3 percentage points. Over the past year, the materials utilization rate has risen by 2.3 percentage points. But the pattern of growth has been uneven--declining to a winter low and then increasing. Since the end of 1977, the materials utilization rate has risen from 81.9 to 85.2 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 JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1978 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY
MANUFACTURING, TOTAL	88.0	69.6	83.1	82.9	82.9	82.9	82.9	83.0	81.7	81.9	82.7	83.7	83.8	84.0	84.1
PRIMARY PROCESSING	93.6	68.1	85.3	85.1	84.4	84.7	84.7	84.5	83.8	83.6	84.1	85.7	86.2	86.6	86.7
ADVANCED PROCESSING	85.4	70.4	82.0	81.8	82.0	81.8	81.9	82.2	80.5	80.8	82.0	82.7	82.5	82.6	82.6
	OUTPUT			CAPACITY				UTILIZATION							
	1977 II	III	IV	1978 I	II	1977 II	III	IV	1978 I	II	1977 II	III	IV	1978 I	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	153.8	171.8	173.5	175.1	176.8	178.5	85.1	84.9	84.6	83.8	86.1
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 JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1978 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY
MATERIALS, TOTAL	98.1	69.7	82.9	82.0	82.0	82.4	82.3	81.9	81.9	81.3	81.9	84.0	84.6	84.9	85.2
DURABLE GOODS MATERIALS	92.5	64.3	80.0	78.9	78.9	79.5	79.4	80.1	79.6	78.7	79.4	81.6	82.2	82.6	83.2
BASIC METAL MATERIALS	97.7	66.1	77.6	74.8	73.4	75.6	74.2	75.7	75.7	76.1	75.7	80.0	80.3	80.7	
NONDURABLE GOODS MATERIALS	94.6	67.8	86.4	86.7	85.9	85.8	86.1	85.8	85.3	86.9	87.7	88.2	88.6	88.6	88.3
TEX., PAPER, & CHEM. MAT.	94.5	65.5	85.1	85.3	84.7	84.9	84.3	84.0	84.5	85.3	86.5	86.5	87.0	87.1	86.7
TEXTILE MATERIALS	94.4	58.0	77.4	78.7	80.3	82.9	82.4	82.0	80.1	80.7	80.1	81.0	81.1	81.4	
PAPER MATERIALS	100.5	71.8	89.0	89.7	89.1	88.3	86.7	85.2	88.1	89.0	89.5	90.2	90.5	91.0	
CHEMICAL MATERIALS	93.8	64.7	86.4	85.9	84.8	84.6	84.4	84.3	84.8	85.7	87.4	87.2	87.7	87.7	
ENERGY MATERIALS	94.6	82.7	86.3	83.6	84.9	85.2	84.4	81.4	83.1	80.0	79.7	84.0	85.2	85.6	86.0
	OUTPUT			CAPACITY			UTILIZATION								
	1977 II	1977 III	1977 IV	1978 I	1977 II	1977 III	1978 I	1977 II	1978 I	1977 II	1978 I	1977 III	1978 I	1977 IV	1978 I
MATERIALS, TOTAL	137.7	138.1	138.9	139.2	145.0	166.6	167.8	168.9	170.4	171.7	82.6	82.3	82.2	81.7	84.5
DURABLE GOODS MATERIALS	135.1	136.0	137.7	137.9	143.9	170.3	171.6	172.8	174.0	175.2	79.4	79.2	79.7	79.3	82.1
BASIC METAL MATERIALS	116.4	109.4	109.4	110.5	117.4	145.1	145.3	145.5	145.8	146.1	80.2	75.3	75.2	75.8	80.3
NONDURABLE GOODS MATERIALS	154.6	154.4	155.0	158.0	163.1	177.2	178.8	180.4	182.3	184.4	87.2	86.3	85.9	86.7	88.5
TEX., PAPER, & CHEM. MAT.	159.9	159.2	159.5	163.1	167.8	185.4	187.1	188.9	190.8	193.1	86.3	85.1	84.5	85.5	86.9
TEXTILE MATERIALS	110.9	112.3	117.9	115.3	116.9	141.9	142.5	143.0	143.5	144.1	78.1	78.8	82.4	80.3	81.1
PAPER MATERIALS	134.3	135.1	132.3	136.5	140.1	150.1	151.3	152.5	153.6	154.8	89.5	89.3	86.7	88.9	90.5
CHEMICAL MATERIALS	191.8	189.5	188.9	194.9	201.3	218.7	221.2	223.6	226.6	230.1	87.7	85.7	84.5	86.0	87.5
ENERGY MATERIALS	122.6	123.4	121.9	119.1	125.5	144.7	145.2	145.7	147.2	147.8	84.8	85.0	83.7	80.9	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.