



FEDERAL RESERVE

statistical release

G.3

For immediate release
August 16, 1977

CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS July 1977

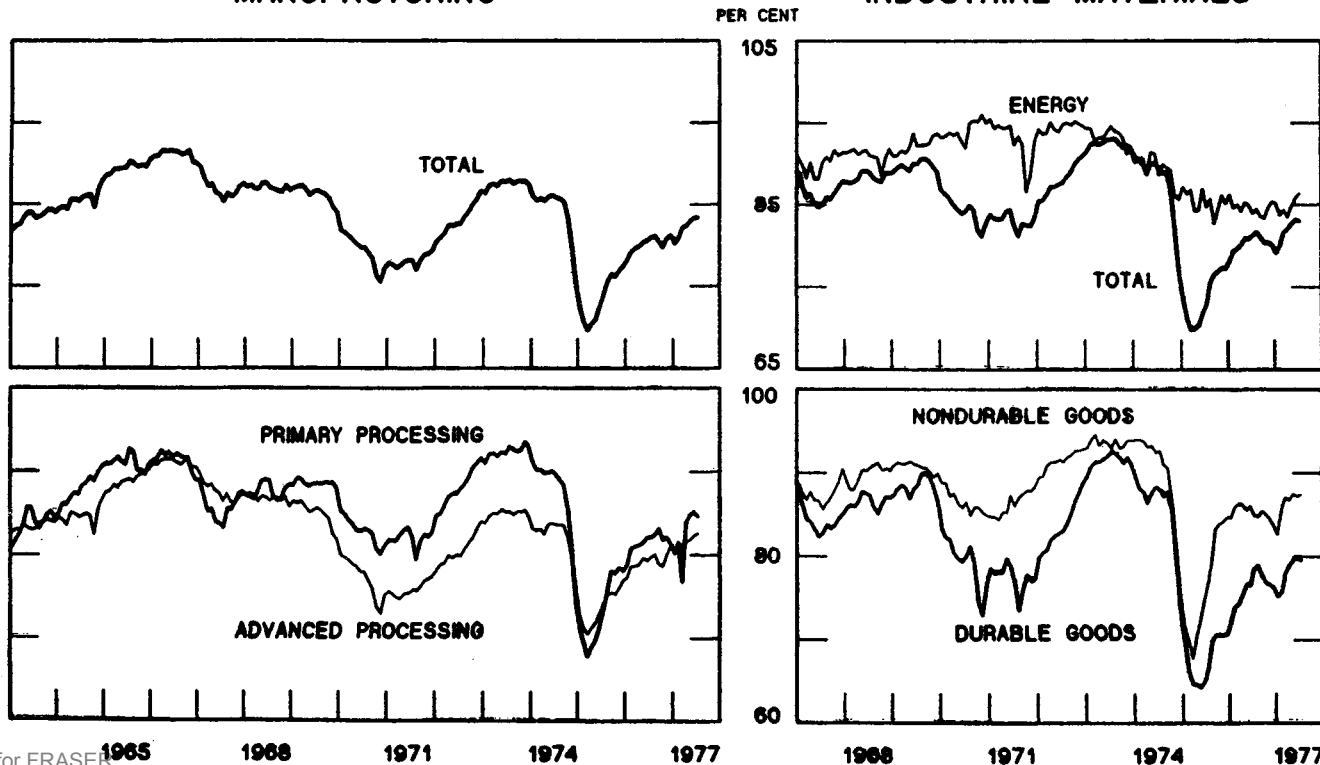
Capacity utilization in manufacturing is estimated to have increased fractionally in July to 83.4 per cent from a downward revised June level of 83.3 per cent. The utilization rate in primary processing industries declined by one-half of a percentage point to 84.6 per cent, largely because of weakness in the production of primary metals. In the advanced processing area the rate rose to 82.6 per cent of capacity, as equipment and automobile production increased.

Capacity utilization in materials declined by 0.1 per cent to 83.0 per cent, as declines in durable goods materials were offset by increases in energy materials and, to a lesser extent, nondurable materials.

Over the past year the manufacturing and materials capacity utilization rates have risen about two to three percentage points on average. The utilization rate for manufacturing in July continued close to its average from 1955 to 1975 and the utilization rate for materials production was about 3 percentage points below its average for the 1967 to 1975 period. The recent rates remain below those attained in 1973 and at other post-World War II peaks.

MANUFACTURING

INDUSTRIAL MATERIALS



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 JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1977 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	
MANUFACTURING, TOTAL	88.0	69.6	80.9	81.1	80.4	79.7	80.8	81.2	80.2	80.8	82.1	82.3	82.9	83.3	83.4	
PRIMARY PROCESSING	93.6	67.8	82.1	82.4	83.1	81.6	82.1	81.3	80.3	81.5	76.8	84.0	84.8	85.1	84.6	
ADVANCED PROCESSING	85.4	70.5	79.7	80.1	78.9	78.6	79.9	81.1	80.1	80.4	81.3	81.5	81.6	82.3	82.6	
	OUTPUT				CAPACITY				UTILIZATION							
	1976 II	III	IV	1977 I	II	III	IV	1977 I	II	1976 II	III	IV	1977 I	II		
MANUFACTURING, TOTAL	129.4	131.1	131.5	133.2	137.2	161.3	162.3	163.2	164.3	165.6	80.2	80.8	80.6	81.1	82.9	
PRIMARY PROCESSING	136.6	139.3	138.9	136.3	146.4	167.5	168.8	170.1	171.4	172.9	81.5	82.5	81.7	79.5	84.7	
ADVANCED PROCESSING	125.2	126.3	127.5	129.4	132.4	158.0	158.8	159.6	160.6	161.8	79.2	79.6	79.9	80.6	81.8	

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION															
	1973 HIGH	1975 LOW	1976 JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1977 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	
MATERIALS, TOTAL	93.1	69.7	81.2	81.6	81.0	80.3	80.3	80.1	79.1	80.0	81.6	82.0	82.7	83.1	83.0	
DURABLE GOODS MATERIALS	92.5	64.3	78.5	78.9	77.8	76.8	76.6	76.3	75.2	75.7	77.9	78.9	79.5	79.9	79.5	
BASIC METAL MATERIALS	97.7	66.1	81.9	83.5	79.2	77.7	73.6	72.5	72.4	72.4	78.8	79.3	81.0	81.5		
NONDURABLE GOODS MATERIALS	94.6	67.8	84.9	84.7	85.4	85.0	84.5	83.7	82.6	85.6	87.0	86.7	87.4	87.2	87.4	
TEX., PAPER, & CHEM. MAT.	94.5	65.5	83.8	83.6	84.4	84.1	83.1	82.5	81.3	84.0	85.8	86.0	86.5	86.5		
TEXTILE MATERIALS	94.4	58.0	82.2	82.2	81.1	80.2	77.4	80.6	78.4	73.1	79.4	78.8	79.5	79.2		
PAPER MATERIALS	100.5	71.8	90.2	90.4	89.1	89.5	88.6	86.1	85.9	89.5	90.0	88.5	91.2	89.7		
CHEMICAL MATERIALS	93.8	64.7	82.6	82.1	84.0	83.7	83.4	82.2	80.9	84.1	86.6	87.3	87.2	87.7		
ENERGY MATERIALS	94.6	82.7	83.9	84.4	83.5	83.3	84.6	85.3	85.1	83.7	84.3	83.5	84.8	85.8	86.4	
SERIES	OUTPUT				CAPACITY				UTILIZATION							
	1976 II	III	IV	1977 I	II	III	IV	1977 I	II	III	IV	1976 II	III	IV	1977 I	II
MATERIALS, TOTAL	130.3	132.6	131.8	132.9	137.6	161.7	163.1	164.3	165.5	166.6		80.6	81.3	80.2	80.3	82.6
DURABLE GOODS MATERIALS	126.1	130.7	128.4	129.0	135.3	165.5	166.7	167.8	169.0	170.3		76.2	78.4	76.5	76.3	79.5
BASIC METAL MATERIALS	110.8	117.1	107.7	107.9	116.9	143.1	143.7	144.4	144.8	145.1		77.4	81.5	74.6	74.5	80.6
NONDURABLE GOODS MATERIALS	146.9	146.6	147.0	149.3	154.4	171.0	172.5	174.1	175.6	177.2		85.9	85.0	84.4	85.0	87.1
TEX., PAPER, & CHEM. MAT.	151.6	151.2	151.5	153.7	160.0	178.3	180.1	182.0	183.6	185.4		85.0	84.0	83.2	83.7	86.3
TEXTILE MATERIALS	115.5	114.4	111.7	111.1	112.4	139.0	139.8	140.6	141.4	141.9		83.1	81.8	79.4	78.6	79.2
PAPER MATERIALS	132.5	131.9	130.2	131.7	134.9	145.7	146.7	147.9	148.9	150.1		90.9	89.9	88.1	88.4	89.9
CHEMICAL MATERIALS	175.3	175.1	177.6	181.4	191.2	208.7	211.2	213.7	216.2	218.7		84.0	82.9	83.1	83.9	87.4
ENERGY MATERIALS	120.0	119.9	121.5	121.7	122.6	141.5	142.7	143.9	144.3	144.7		84.8	84.0	84.4	84.3	84.7

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.