



FEDERAL RESERVE

statistical release

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For immediate release
August 17, 1979

CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS July 1979

Manufacturers operated at 85.6 percent of capacity in July--down 0.4 percentage point from the revised June rate and 1.5 percentage points lower than the rate in March when it reached 87.1 percent. The March rate, the highest in more than five years, was somewhat below the cyclical peak of 88.0 percent reached in 1973.

Industrial materials producers operated at 87.2 percent of their capacity in July, down 0.1 percentage point from the June rate and 1.6 percentage points from the high last December. This July utilization rate was 5.4 percentage points below the 1973 peak.

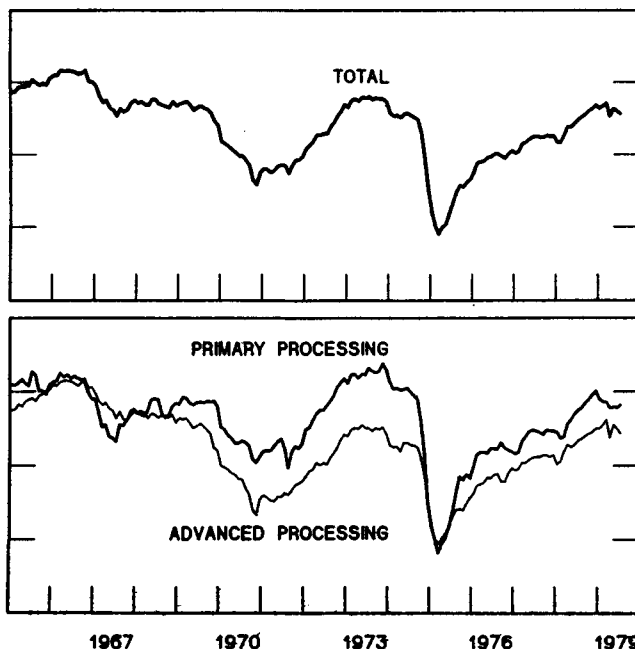
The July decline in the overall manufacturing rate was concentrated in advanced processing industries, as it was in June, primarily because the production of motor vehicles declined further.

The slight decline in the utilization rate for materials was attributable to a decline in the production of durable goods materials that are used in producing consumer durable goods and to a slight easing in the output of energy materials. The utilization rates for nondurable goods materials, particularly paper and chemical materials, rose somewhat.

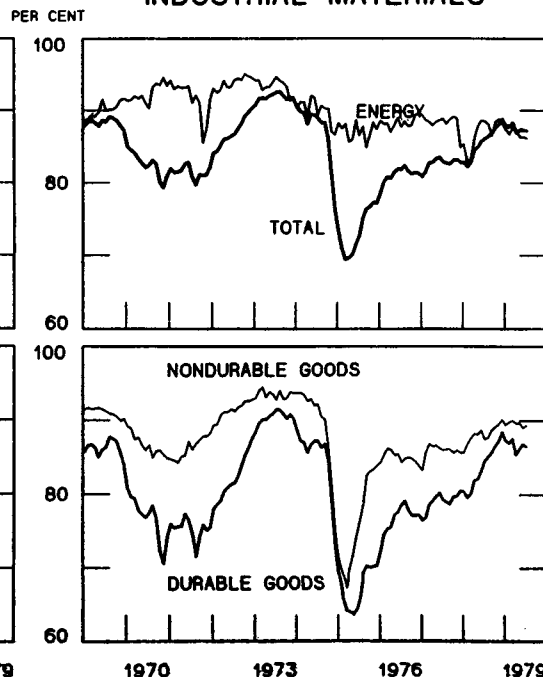
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Federal Reserve estimates of capacity utilization have been revised. The revisions cover several years of data and are described in the supplement to this release, "Capacity Utilization: Manufacturing and Materials, January 1967 - December 1978."

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	1978 JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1979 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY
MANUFACTURING, TOTAL	88.0	69.0	84.8	85.2	85.5	86.0	86.3	86.8	86.4	86.7	87.1	85.3	86.3	86.0	85.6
PRIMARY PROCESSING	93.8	68.2	87.5	87.8	88.4	88.9	89.5	90.1	89.0	88.6	88.6	87.8	87.9	87.8	88.2
ADVANCED PROCESSING	85.5	69.4	83.4	83.6	84.0	84.3	84.5	85.0	85.0	85.5	86.2	83.8	85.5	85.0	84.3
	OUTPUT				CAPACITY				UTILIZATION						
	1978 II	III	IV	1979 I	II	1978 II	III	IV	1979 I	II	1978 II	III	IV	1979 I	II
MANUFACTURING, TOTAL	145.5	148.6	151.7	153.4	153.0	173.3	174.5	175.6	176.9	178.2	83.9	85.2	86.4	86.7	85.9
PRIMARY PROCESSING	154.1	158.2	162.2	162.1	161.8	178.6	179.9	181.2	182.7	184.2	86.3	87.9	89.5	88.7	87.9
ADVANCED PROCESSING	141.0	143.6	146.1	148.7	148.3	170.5	171.6	172.7	173.8	175.0	82.7	83.7	84.6	85.6	84.8

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1978 JULY	AUG.	SEP.	OCT.	NOV.	DEC.	1979 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY
MATERIALS, TOTAL	92.6	69.4	86.1	86.4	86.8	87.6	88.1	88.8	87.9	87.8	88.3	86.9	87.3	87.3	87.2
DURABLE GOODS MATERIALS	91.5	63.6	84.5	85.1	85.7	86.6	87.2	88.4	87.3	87.0	87.5	85.4	86.1	86.8	86.5
METAL MATERIALS	98.2	68.6	89.1	91.1	92.5	93.8	94.4	96.0	88.6	88.2	90.6	88.2	87.0	90.1	
NONDURABLE GOODS MATERIALS	94.5	67.2	87.5	87.7	88.7	89.1	89.5	90.1	89.4	89.8	90.0	89.6	89.7	89.0	89.3
TEX., PAPER, & CHEM. MAT.	95.1	65.3	87.6	87.0	88.8	88.9	89.5	90.2	89.2	90.0	89.9	89.9	90.1	89.6	90.0
TEXTILE MATERIALS	92.6	57.9	84.8	84.8	85.6	87.7	87.0	87.8	86.4	85.8	86.8	85.3	86.5	86.5	
PAPER MATERIALS	99.4	72.4	91.8	88.5	93.5	93.1	93.3	93.9	89.9	92.4	93.8	94.3	93.4	93.5	
CHEMICAL MATERIALS	95.5	64.2	87.2	87.2	88.4	88.2	89.3	89.9	89.7	90.5	89.8	90.1	90.0	89.4	
ENERGY MATERIALS	94.6	84.8	88.5	88.1	86.5	88.4	88.8	88.2	87.3	86.7	87.6	87.2	86.3	86.3	86.1
	OUTPUT				CAPACITY				UTILIZATION						
	1978 II	III	IV	1979 I	II	III	IV	1979 I	II	1978 II	III	IV	1979 I	II	III
MATERIALS, TOTAL	146.7	150.2	154.6	155.5	155.4	172.5	173.9	175.4	176.8	178.1	85.0	86.4	88.2	88.0	87.2
DURABLE GOODS MATERIALS	146.0	151.9	157.3	158.4	157.6	177.1	178.5	180.1	181.5	183.0	82.4	85.1	87.4	87.3	86.1
METAL MATERIALS	118.1	126.6	132.2	124.7	124.2	138.9	139.3	139.6	139.8	140.3	85.1	90.9	94.7	89.1	88.4
NONDURABLE GOODS MATERIALS	165.2	165.9	170.3	172.2	173.3	187.1	188.5	190.2	191.9	193.7	88.3	88.0	89.6	89.7	89.4
TEX., PAPER, & CHEM. MAT.	170.8	172.2	177.1	179.1	181.2	194.8	196.2	197.9	199.6	201.5	87.7	87.8	89.5	89.7	89.9
TEXTILE MATERIALS	116.5	116.0	119.5	118.2	118.3	136.0	136.3	136.6	136.9	137.3	85.6	85.1	87.5	86.3	86.1
PAPER MATERIALS	138.6	134.1	138.1	136.9	140.4	146.1	146.9	147.8	148.7	149.9	94.9	91.3	93.4	92.0	93.7
CHEMICAL MATERIALS	207.7	212.3	218.0	222.7	225.2	239.9	242.2	244.6	247.4	250.6	86.6	87.6	89.1	90.0	89.9
ENRGY MATERIALS	125.7	126.9	128.9	127.9	127.8	143.7	144.7	145.7	146.7	147.5	87.5	87.7	88.5	87.2	86.6

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 1978, AND ABOUT 85 PERCENT FOR INDUSTRIAL MATERIALS FOR 1967 THROUGH 1978. 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 METHODOLOGY AND THE SERIES ARE DESCRIBED IN FEDERAL RESERVE MEASURES OF CAPACITY AND CAPACITY UTILIZATION. REVISED DATA ARE FOUND IN "CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS, JANUARY 1967—DECEMBER 1978." BOTH PUBLICATIONS MAY BE OBTAINED FROM PUBLICATIONS SERVICES, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, WASHINGTON, D.C. 20551