



FEDERAL RESERVE

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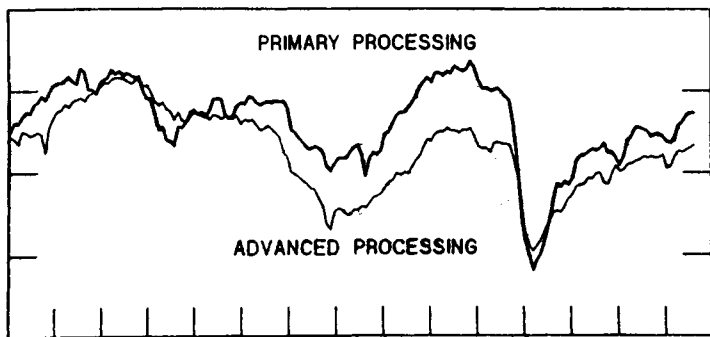
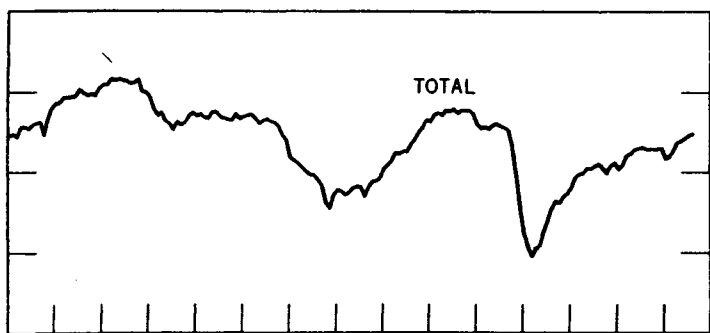
For immediate release
September 15, 1978

CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS August 1978

Capacity utilization in manufacturing increased by an estimated .2 percentage point in August to 84.8 per cent. The June and July utilization rates have been revised upwards by .2 and .5 percentage points, respectively. The August increases were concentrated in the advanced processing sector, where capacity utilization rose .3 percentage point to 83.4 per cent. Gains in production of machinery and of transportation equipment other than motor vehicles contributed to the rise in advanced processing capacity utilization. Capacity utilization in the primary processing sector remained unchanged at 87.3 per cent.

Industrial materials capacity utilization was unchanged in August at an upward revised 85.6 per cent. A small increase in capacity utilization by producers of durable goods materials was offset by small declines in capacity utilization within the nondurable goods materials and energy materials sectors.

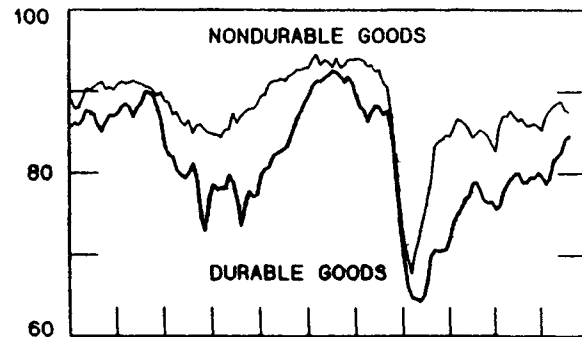
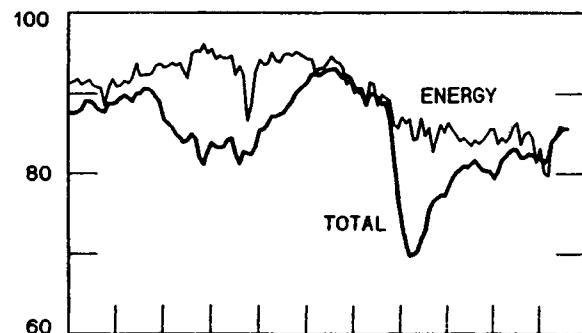
MANUFACTURING



1966 1969 1972 1975 1978

INDUSTRIAL MATERIALS

PER CENT



1969 1972 1975 1978

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 AUG.	1978 SEP.	1978 OCT.	1978 NOV.	1978 DEC.	1978 JAN.	1978 FEB.	1978 MAR.	1978 APR.	1978 MAY	1978 JUNE	1978 JULY	1978 AUG.
MANUFACTURING, TOTAL	88.0	69.6	82.9	82.9	82.9	82.9	83.0	81.7	81.9	82.7	83.7	83.9	84.2	84.6	84.8
PRIMARY PROCESSING	93.6	68.1	85.1	84.4	84.7	84.7	84.5	83.8	83.6	84.1	85.7	86.2	87.0	87.3	87.3
ADVANCED PROCESSING	85.4	70.4	81.8	82.0	81.8	81.9	82.2	80.5	80.6	82.0	82.7	82.5	82.8	83.1	83.4
	OUTPUT			CAPACITY				UTILIZATION							
	1977	1977	1977	1978	1978	1978	1978	1978	1978	1978	1978	1978	1978	1978	1978
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
MANUFACTURING, TOTAL	136.9	136.7	139.9	139.8	144.4	165.6	167.1	168.7	170.3	172.0	82.7	83.0	82.9	82.1	83.9
PRIMARY PROCESSING	146.3	147.3	148.2	148.2	154.0	171.8	173.5	175.1	176.8	178.5	85.1	84.9	84.6	83.8	86.3
ADVANCED PROCESSING	132.0	134.2	135.6	135.4	139.4	162.2	163.8	165.3	166.9	168.5	81.4	81.9	82.0	81.1	82.7

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1977 AUG.	1978 SEP.	1978 OCT.	1978 NOV.	1978 DEC.	1978 JAN.	1978 FEB.	1978 MAR.	1978 APR.	1978 MAY	1978 JUNE	1978 JULY	1978 AUG.
MATERIALS, TOTAL	93.1	69.7	82.0	82.0	82.4	82.3	81.9	81.9	81.3	81.9	84.0	84.5	85.1	85.6	85.6
DURABLE GOODS MATERIALS	92.5	64.3	78.9	78.9	79.5	79.4	80.1	79.6	78.7	79.4	81.6	82.1	82.7	84.2	84.6
BASIC METAL MATERIALS	97.7	66.1	74.8	73.4	75.6	74.2	75.7	75.7	76.1	75.7	80.0	80.4	80.9	82.5	
NONDURABLE GOODS MATERIALS	94.6	67.8	86.7	85.9	85.8	86.1	85.8	85.3	86.9	87.7	88.2	88.6	88.6	87.8	87.5
TEX., PAPER, & CHEM. MAT.	94.5	65.5	85.3	84.7	84.9	84.3	84.0	84.5	85.3	86.5	86.5	86.9	87.1	86.7	86.2
TEXTILE MATERIALS	94.4	58.0	78.7	80.3	82.9	82.4	82.0	80.1	80.7	80.1	81.0	81.0	81.7	81.9	
PAPER MATERIALS	100.5	71.8	89.7	89.1	88.3	86.7	85.2	88.1	89.0	89.5	90.2	90.5	90.2	87.7	
CHEMICAL MATERIALS	93.8	64.7	85.9	84.8	84.6	84.4	84.3	84.6	85.7	87.4	87.2	87.7	87.8	87.8	
ENERGY MATERIALS	94.6	82.7	83.6	84.9	85.2	84.4	81.4	83.1	80.0	79.7	84.0	84.7	85.9	85.7	85.5
	OUTPUT			CAPACITY				UTILIZATION							
	1977	1977	1977	1978	1978	1978	1978	1978	1978	1978	1978	1978	1978	1978	1978
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
MATERIALS, TOTAL	137.7	136.1	138.9	139.2	145.1	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	82.2
BASIC METAL MATERIALS	116.4	109.4	109.4	110.5	117.5	145.1	145.3	145.5	145.8	146.1	80.2	75.3	75.2	75.8	80.4
NONDURABLE GOODS MATERIALS	154.6	154.4	155.0	156.0	163.3	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	165.4	167.1	168.9	190.8	193.1	86.3	85.1	84.5	85.5	86.9
TEXTILE MATERIALS	110.9	112.3	117.9	115.3	117.1	141.9	142.5	143.0	143.5	144.1	76.1	78.8	82.4	80.3	81.2
PAPER MATERIALS	134.3	135.1	132.3	136.5	139.7	150.1	151.3	152.5	153.6	154.8	89.5	89.3	86.7	88.9	90.3
CHEMICAL MATERIALS	191.8	189.5	188.9	194.9	201.4	216.7	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	147.6	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.

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. 20551. THE PRICE IS \$1.75 PER COPY; FOR TEN OR MORE, \$1.50 EACH.