



FEDERAL RESERVE

statistical release

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CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS September 1978

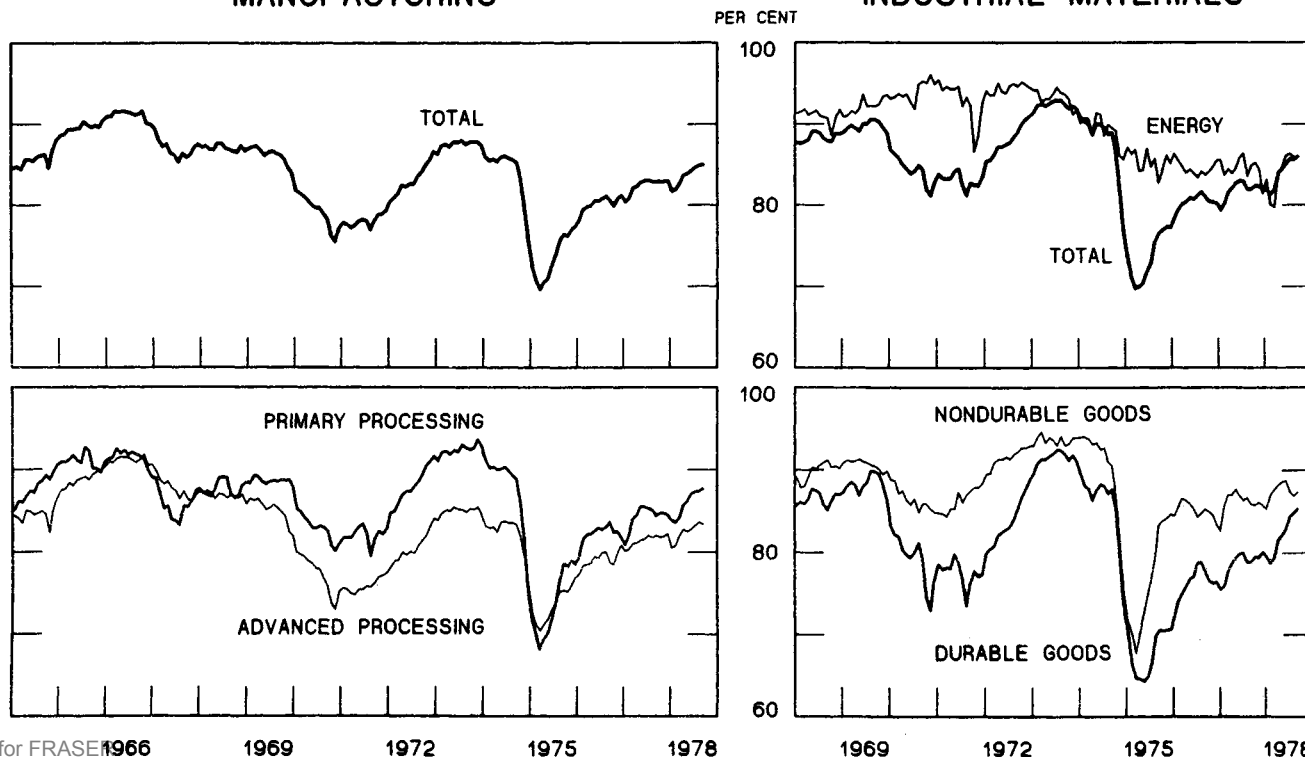
Capacity utilization in manufacturing was about unchanged in September at 85.0 per cent. The utilization rate for advanced processing industries edged down .1 percentage point to 83.5 per cent, and the rate for primary processing industries rose .3 percentage point to 87.7 per cent. The rebound of paper production after the strike and continuing gains in production of metals largely accounted for the rise in primary processing utilization.

Industrial materials capacity utilization rose by an estimated .4 percentage point to 86.0 per cent. Capacity use increased by about one-half percentage point in both the durable and nondurable goods materials sectors. Energy materials capacity utilization was little unchanged.

The preliminary third quarter rate of manufacturing capacity utilization rose .9 percentage point to 84.9. In materials, the second to third quarter increase was 1.2 percentage points to 85.7.

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 SEP.	OCT.	NOV.	DEC.	1978 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.
MANUFACTURING, TOTAL	88.0	69.6	82.9	82.9	82.9	83.0	81.7	81.9	82.7	83.7	83.9	84.3	84.7	84.9	85.0
PRIMARY PROCESSING	93.6	68.1	84.4	84.7	84.7	84.5	83.8	83.6	84.1	85.7	86.2	87.1	87.3	87.4	87.7
ADVANCED PROCESSING	85.4	70.4	82.0	81.8	81.9	82.2	80.5	80.8	82.0	82.7	82.5	82.8	83.2	83.6	83.5
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1977 III	1978 IV	1978 I	1978 II	1978 III	1977 III	1978 IV	1978 I	1978 II	1978 III	1977 III	1978 IV	1978 I	1978 II	1978 III
MANUFACTURING, TOTAL	138.7	139.9	139.8	144.4	147.4	167.1	168.7	170.3	172.0	173.7	83.0	82.9	82.1	84.0	84.9
PRIMARY PROCESSING	147.3	148.2	146.2	154.1	157.6	173.5	175.1	176.8	178.5	180.2	84.9	84.0	83.8	86.3	87.5
ADVANCED PROCESSING	134.2	135.6	135.4	139.3	141.9	163.8	165.3	166.9	168.5	170.2	81.9	82.0	81.1	82.7	83.4

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1977 SEP.	OCT.	NOV.	DEC.	1978 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.
MATERIALS, TOTAL	93.1	69.7	82.0	82.4	82.3	81.9	81.9	81.3	81.9	84.0	84.5	85.1	85.7	85.6	86.0
DURABLE GOODS MATERIALS	92.5	64.3	78.9	79.5	79.4	80.1	79.6	78.7	79.4	81.6	82.1	82.8	84.4	84.8	85.3
BASIC METAL MATERIALS	97.7	66.1	73.4	75.6	74.2	75.7	75.7	76.1	75.7	80.0	80.4	80.8	83.1	84.1	
NONDURABLE GOODS MATERIALS	94.6	67.8	85.9	85.8	86.1	85.8	85.3	86.9	87.7	88.2	88.6	88.7	87.4	86.9	87.3
TEX., PAPER, & CHEM. MAT.	94.5	65.5	84.7	84.9	84.3	84.0	84.5	85.3	86.5	86.5	86.9	87.0	86.3	85.1	85.6
TEXTILE MATERIALS	94.4	58.0	80.3	82.9	82.4	82.0	80.1	80.7	80.1	81.0	81.0	81.7	81.1	80.5	
PAPER MATERIALS	100.5	71.8	89.1	88.3	86.7	85.2	88.1	89.0	89.5	90.2	90.5	90.2	86.9	82.7	
CHEMICAL MATERIALS	93.8	64.7	84.8	84.6	84.4	84.3	84.8	85.7	87.4	87.2	87.7	87.8	87.7	87.1	
ENERGY MATERIALS	94.6	82.7	84.9	85.2	84.4	81.4	83.1	80.0	79.7	84.0	84.7	86.1	86.3	85.9	86.0
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1977 III	1978 IV	1978 I	1978 II	1978 III	1977 III	1978 IV	1978 I	1978 II	1978 III	1977 III	1978 IV	1978 I	1978 II	1978 III
MATERIALS, TOTAL	138.1	138.9	139.2	145.1	148.3	167.8	168.9	170.4	171.7	173.0	82.3	82.2	81.7	84.5	85.7
DURABLE GOODS MATERIALS	136.0	137.7	137.9	144.0	149.5	171.6	172.8	174.0	175.2	176.3	79.2	79.7	79.3	82.2	84.8
BASIC METAL MATERIALS	109.4	109.4	110.5	117.5		145.3	145.5	145.8	146.1		75.3	75.2	75.8	80.4	
NONDURABLE GOODS MATERIALS	154.4	155.0	158.0	163.2	162.6	178.8	180.4	182.3	184.4	186.5	86.3	85.9	86.7	86.5	87.2
TEX., PAPER, & CHEM. MAT.	159.2	159.5	163.1	167.7	167.4	187.1	188.9	190.8	193.1	195.4	85.1	84.5	85.5	86.8	85.7
TEXTILE MATERIALS	112.3	117.9	115.3	117.1		142.5	143.0	143.5	144.1		78.8	82.4	80.3	81.2	
PAPER MATERIALS	135.1	132.3	136.5	139.7		151.3	152.5	153.6	154.8		89.3	86.7	88.9	90.3	
CHEMICAL MATERIALS	189.5	188.9	194.9	201.4		221.2	223.6	226.6	230.1		85.7	84.5	86.0	87.5	
ENERGY MATERIALS	123.4	121.9	119.1	125.5	127.8	145.2	145.7	147.2	147.8	148.4	85.0	83.7	80.9	84.9	86.1

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.