



# FEDERAL RESERVE

## statistical release

G.3

For immediate release  
November 16, 1978

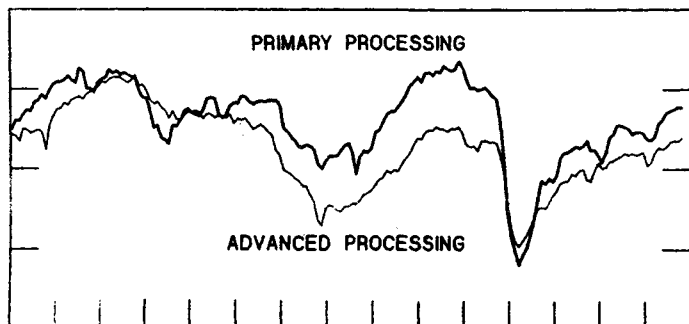
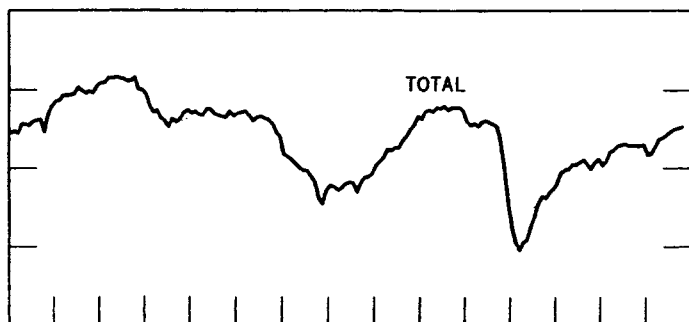
### CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS November 1978

Capacity utilization in manufacturing edged up by an estimated .2 percentage point in October to 85.3 per cent. The utilization rate in the advanced processing sector increased by .4 percentage point, with higher production in the transportation equipment industry accounting for much of this rise. The primary processing utilization rate was little changed in October.

Capacity utilization in materials was about unchanged in October--up by .1 percentage point. Capacity utilization in energy materials rebounded sharply, because coal production was no longer affected by a rail strike as in September. Durable materials capacity utilization was little changed, and the rate in the nondurable goods materials sector was down slightly.

Increases in utilization rates since the beginning of the year have been greater for durable than for nondurable industries. Expansion in production of machinery and transportation equipment, and related increases in metals, underlie much of this gain in utilization of durable goods capacity.

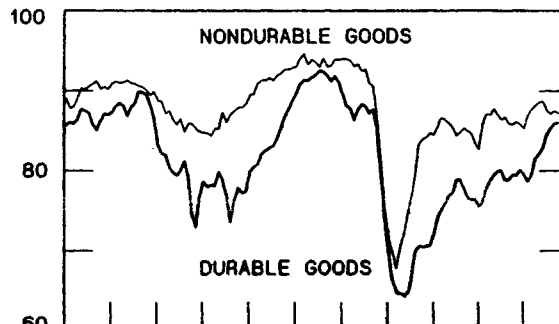
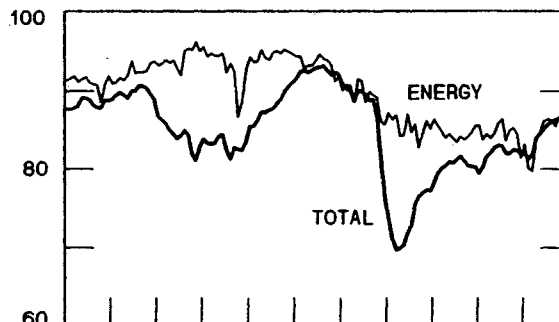
#### MANUFACTURING



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 OCT.	NOV.	DEC.	1978					1977				
						JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.
MANUFACTURING, TOTAL	88.0	69.6	82.9	82.9	83.0	81.7	81.9	82.7	83.7	83.9	84.3	84.7	85.0	85.1	85.3
PRIMARY PROCESSING	93.6	68.1	84.7	84.7	84.5	83.8	83.6	84.1	85.7	86.2	87.1	87.3	87.5	87.8	87.7
ADVANCED PROCESSING	85.4	70.4	81.8	81.9	82.2	80.5	80.8	82.0	82.7	82.5	82.8	83.4	83.6	83.5	83.9
	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	147.5	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	148.2	154.1	157.7	173.5	175.1	176.8	178.5	180.2	84.9	84.6	83.8	86.3	87.5
ADVANCED PROCESSING	134.2	135.6	135.4	139.3	142.1	163.8	165.3	166.9	168.5	170.2	81.9	82.0	81.1	82.7	83.5

## Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1977 OCT.	NOV.	DEC.	1978					1977				
						JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.
MATERIALS, TOTAL	93.1	69.7	82.4	82.3	81.9	81.9	81.3	81.9	84.0	84.5	85.1	85.7	86.0	86.3	86.4
DURABLE GOODS MATERIALS	92.5	64.3	79.5	79.4	80.1	79.6	78.7	79.4	81.6	82.1	82.8	84.5	85.3	85.9	86.0
BASIC METAL MATERIALS	97.7	66.1	75.6	74.2	75.7	75.7	76.1	75.7	80.0	80.4	80.8	83.1	85.3	85.9	
NONDURABLE GOODS MATERIALS	94.6	67.8	85.8	86.1	85.8	85.3	86.9	87.7	88.2	88.6	88.7	87.5	87.1	87.5	87.2
TEX., PAPER, & CHEM. MAT.	94.5	65.5	84.9	84.3	84.0	84.5	85.3	86.5	86.5	86.9	87.0	86.5	85.3	86.2	85.8
TEXTILE MATERIALS	94.4	58.0	82.9	82.4	82.0	80.1	80.7	80.1	81.0	81.0	81.7	81.1	80.1	81.0	
PAPER MATERIALS	100.5	71.8	88.3	86.7	85.2	88.1	89.0	89.5	90.2	90.5	90.2	86.9	84.4	88.7	
CHEMICAL MATERIALS	93.8	64.7	84.6	84.4	84.3	84.8	85.7	87.4	87.2	87.7	87.8	87.8	87.1	86.9	
ENERGY MATERIALS	94.6	82.7	85.2	84.4	81.4	83.1	80.0	79.7	84.0	84.7	86.1	86.3	86.1	85.4	86.7
	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	148.7	167.8	168.9	170.4	171.7	173.0	82.3	82.2	81.7	84.5	86.0
DURABLE GOODS MATERIALS	136.0	137.7	137.9	144.0	150.2	171.6	172.8	174.0	175.2	176.3	79.2	79.7	79.3	82.2	85.2
BASIC METAL MATERIALS	109.4	109.4	110.5	117.5	124.2	145.3	145.5	145.8	146.1	146.5	75.3	75.2	75.8	80.4	84.8
NONDURABLE GOODS MATERIALS	154.4	155.0	158.0	163.2	163.0	178.8	180.4	182.3	184.4	186.5	86.3	85.9	86.7	88.5	87.4
TEX., PAPER, & CHEM. MAT.	159.2	159.5	163.1	167.7	168.0	187.1	188.9	190.8	193.1	195.4	85.1	84.5	85.5	86.8	86.0
TEXTILE MATERIALS	112.3	117.9	115.3	117.1	116.8	142.5	143.0	143.5	144.1	144.7	78.8	82.4	80.3	81.2	80.7
PAPER MATERIALS	135.1	132.3	136.5	139.7	135.0	151.3	152.5	153.6	154.8	155.8	89.3	86.7	88.9	90.3	86.7
CHEMICAL MATERIALS	189.5	188.9	194.9	201.4	203.8	221.2	223.6	226.6	230.1	233.5	85.7	84.5	86.0	87.5	87.3
ENERGY MATERIALS	123.4	121.9	119.1	125.5	127.5	145.2	145.7	147.2	147.8	148.4	85.0	83.7	80.9	84.9	85.9

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.