



FEDERAL RESERVE

statistical release

G.3

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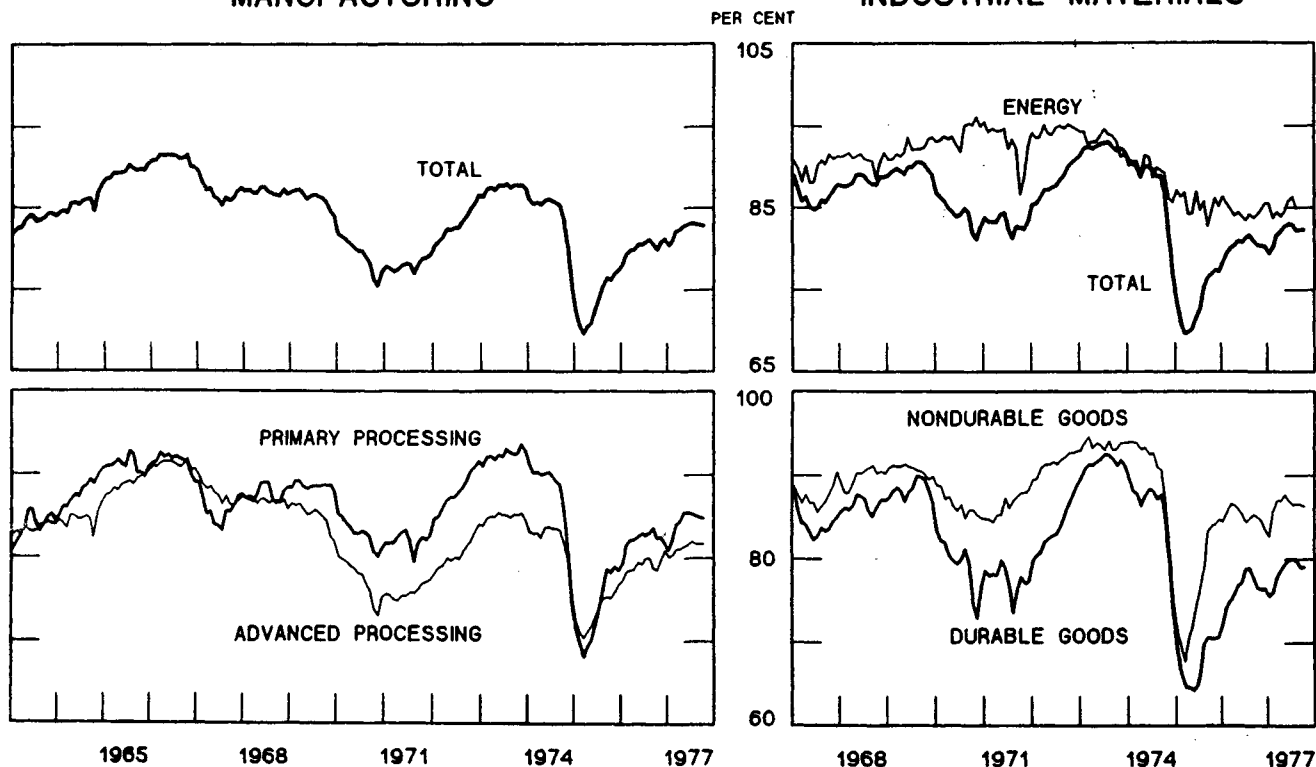
CAPACITY UTILIZATION: MANUFACTURING AND MATERIALS October 1977

Capacity utilization in manufacturing is estimated to have been 82.8 per cent in October, down slightly from the preceding month. The utilization rate in the primary processing sector of manufacturing also edged down slightly last month, while the rate in the advanced processing industries was unchanged. The utilization rates for manufacturing as a whole and for the advanced processing sector have changed relatively little since May, but the rate for primary processing industries has trended down slightly since mid-year.

Capacity utilization in materials is estimated to have remained at 82.3 per cent in October. Utilization rates for most materials have changed relatively little since mid-year, but recent declines in production of basic metals have resulted in a somewhat lower utilization rate for this grouping of materials.

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 OCT.	NOV.	DEC.	1977 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.
MANUFACTURING, TOTAL	88.0	69.6	79.9	80.8	81.2	80.4	80.9	82.1	82.3	82.8	83.0	83.1	83.0	82.9	82.8
PRIMARY PROCESSING	93.6	68.1	82.4	82.5	81.8	80.9	82.0	84.0	84.4	85.5	85.5	85.3	85.1	84.9	84.8
ADVANCED PROCESSING	85.4	70.4	78.5	79.8	80.8	80.1	80.3	81.0	81.1	81.4	81.6	82.0	81.7	81.7	81.7
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1976 III	1977 IV	1977 I	1977 II	1977 III	1976 III	1977 IV	1977 I	1977 II	1977 III	1976 III	1977 IV	1977 I	1977 II	1977 III
MANUFACTURING, TOTAL	130.8	131.2	133.1	136.9	138.7	161.9	162.8	164.0	165.6	167.1	80.8	80.6	81.2	82.7	83.0
PRIMARY PROCESSING	139.3	138.8	140.1	146.3	147.6	167.6	168.8	170.2	171.8	173.5	83.1	82.2	82.3	85.1	85.1
ADVANCED PROCESSING	126.3	127.2	129.3	132.0	134.0	158.9	159.6	160.7	162.2	163.8	79.5	79.7	80.5	81.4	81.8

Industrial Materials

SERIES	MONTHLY CAPACITY UTILIZATION														
	1973 HIGH	1975 LOW	1976 OCT.	NOV.	DEC.	1977 JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEP.	OCT.
MATERIALS, TOTAL	93.1	69.7	80.4	80.3	80.2	79.4	80.2	81.6	82.1	82.7	83.0	82.9	82.2	82.3	82.3
DURABLE GOODS MATERIALS	92.5	64.3	76.6	76.4	76.5	75.6	76.0	77.8	78.7	79.4	79.9	80.0	78.9	79.0	79.1
BASIC METAL MATERIALS	97.7	66.1	77.7	73.1	72.5	73.7	72.9	78.4	79.3	81.2	80.2	77.6	75.2	74.7	
NONDURABLE GOODS MATERIALS	94.6	67.8	85.0	84.6	83.5	82.7	85.7	87.0	87.0	87.7	87.0	86.4	86.6	86.5	86.3
TEX., PAPER, & CHEM. MAT.	94.5	65.5	84.1	83.2	82.4	81.5	83.8	85.9	86.0	86.7	86.1	85.1	85.3	85.4	85.3
TEXTILE MATERIALS	94.4	58.0	80.2	78.2	80.6	78.7	77.7	79.9	78.8	78.8	76.7	77.4	78.8	80.8	
PAPER MATERIALS	100.5	71.8	89.5	88.6	86.1	85.9	89.6	89.7	88.3	90.7	89.2	89.0	89.6	90.5	
CHEMICAL MATERIALS	93.8	64.7	83.7	83.3	81.8	81.3	84.0	86.6	87.5	87.9	87.8	86.4	85.9	85.4	
ENERGY MATERIALS	94.6	82.7	84.1	84.7	85.5	85.5	83.7	84.4	83.9	84.5	85.8	86.3	84.9	85.0	
SERIES	OUTPUT					CAPACITY					UTILIZATION				
	1976 III	1977 IV	1977 I	1977 II	1977 III	1976 III	1977 IV	1977 I	1977 II	1977 III	1976 III	1977 IV	1977 I	1977 II	1977 III
MATERIALS, TOTAL	132.5	131.9	133.1	137.7	138.4	163.1	164.3	165.5	166.6	167.8	81.2	80.3	80.4	82.6	82.5
DURABLE GOODS MATERIALS	130.8	128.4	129.2	135.1	136.1	166.7	167.8	169.0	170.3	171.6	78.4	76.5	76.5	79.4	79.3
BASIC METAL MATERIALS	117.4	107.4	108.6	116.4	110.2	143.7	144.4	144.8	145.1	145.3	81.7	74.4	75.0	80.2	75.8
NONDURABLE GOODS MATERIALS	146.3	146.9	149.5	154.6	154.7	172.5	174.1	175.6	177.2	178.8	84.8	84.4	85.1	87.2	86.5
TEX., PAPER, & CHEM. MAT.	150.8	151.4	153.9	159.9	159.6	180.1	182.0	183.6	185.4	187.1	83.7	83.2	83.8	86.3	85.3
TEXTILE MATERIALS	115.1	112.1	111.3	110.9	112.5	139.8	140.6	141.4	141.9	142.5	82.4	79.7	78.7	78.1	79.0
PAPER MATERIALS	130.8	130.2	131.7	134.3	135.7	146.7	147.9	148.9	150.1	151.3	89.2	88.1	88.4	89.5	89.7
CHEMICAL MATERIALS	174.4	177.3	181.6	191.8	190.0	211.2	213.7	216.2	218.7	221.2	82.6	83.0	84.0	87.7	85.9
ENERGY MATERIALS	119.6	122.0	122.0	122.6	124.0	142.7	143.9	144.3	144.7	145.2	83.8	84.8	84.5	84.8	85.4

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.