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MANUFACTURING AND TRADE INVENTORIES AND SALES -
OCTOBER 1970

Manufacturing and trade stocks rose less than \$100 million in October -- the smallest increase since midyear -- and sales declined for the third month in a row, the Commerce Department's Office of Business Economics announced today.

Retailers reported an \$800 million inventory decline in October. Responsible for the drop was the strike-induced \$1.0 billion inventory reduction by auto dealers. Other retailers added about \$200 million. Retailers' inventory reduction was outweighed by stock additions by manufacturers -- almost \$600 million, and by wholesalers -- \$300 million.

Business sales, also strongly affected by the auto strike, declined 1-1/2 percent in October.

Since sales fell sizably in October while inventories hardly changed, the stock-sales ratio rose to 1.60 months in October from 1.57 in September. In October 1969, stocks equaled 1.53 months of sales.

All figures in the text of this report are adjusted for seasonal variations but not for changes in prices.

Trade stocks

Stocks at retail durable goods stores declined almost \$1.0 billion in October. It was the largest decline on record, entirely attributable to motor vehicle dealers. Changes reported for other durable goods dealers were small.

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Nondurable goods retailers added about \$170 million to their stocks in October. Department store inventories declined moderately, apparel stores showed no change, and other major softgoods lines reported increases.

Nondurables wholesalers, especially those dealing in farm products and raw materials, accounted for nearly all of the \$300 million increase in merchant wholesalers' stocks.

Manufacturers' stocks

Manufacturers of both durable and nondurable goods added substantially more to their stocks in October than in the two previous months.

The \$320-million addition to durable goods stocks was widely distributed, with the largest additions -- \$100 million and over -- reported by producers of motor vehicles and parts, primary metals, and nonelectrical machinery. Partly offsetting were decreases by aircraft and parts producers, amounting to \$200 million.

Nondurable goods producers added \$250 million to their stocks in October, with most major industry groups contributing to the rise.

Sales

Conditions arising from the motor vehicle strike dominated the September-October sales movements. A 13-percent decline in sales by automotive dealers was primarily responsible for the 1-1/2 percent drop in total retail sales. A 20-percent drop in motor vehicle producers' sales accounted for half of the 2-1/2 percent drop in manufacturers sales. Merchant wholesalers' sales, which do not include directly an appreciable number of new domestic motor vehicles, edged up fractionally in October. A 1-percent increase in nondurable goods sales partly offset a small decrease for durables.

Total manufacturing and trade sales for the 10 months of 1970 lead the comparable 1969 period by 3.1 percent.

Retail sales

Sales by durable goods retailers fell 7 percent in October. In addition to the drop in automotive dealers' sales, there was a slight decline for lumber-building-hardware dealers. Sales increased at furniture-appliance and "other durable" goods stores.

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Sales at nondurable goods outlets rose to a record \$21.6 billion in October -- up 1-1/2 percent from September. Sales rose for every major line except drug stores.

Manufacturers' sales and orders

Manufacturing sales and orders in October continued to be strongly affected by the auto strike. October's 20-percent drop in motor vehicle and parts sales accounted for about half of the 5-percent decline in durable goods sales. In September, sales of nonautomotive durables had risen on balance but in October they fell 2-1/2 percent, with declines reported by most major groups, except instruments and aircraft and parts.

Sales of nondurable goods were virtually unchanged in October from the upward-revised September total. Declines in food, chemicals and rubber sales balanced increases for all other industries.

Manufacturers' new orders fell 2 percent in October, declining for the third successive month. All of the decline was reported by durable goods producers, whose 4 percent drop was attributable in large measure to the motor vehicle industry. Since orders for motor vehicles are equivalent to sales, the large drop in motor vehicle sales was reflected in the new orders total.

Most of the other major industries also reported declines. Exceptions were producers of electrical machinery, whose orders rebounded almost to the July level after 2 months of slowdown, and nonelectrical machinery, unchanged from September.

Sales exceeded new orders by nearly \$600 million in October, reducing total unfilled orders on manufacturers' books at the end of the month to \$82 million. New orders increased slightly for nondurable goods and for fabricated metals, and fell for all other industries.

Since new orders declined less than sales, the ratio of unfilled orders to sales rose from 2.34 months in September to 2.37 in October. The ratio in October 1969 was 2.54.

Additional data appear in the statistical pages of the Survey of Current Business, the monthly magazine of the Office of Business Economics.

The Survey is available from Field Offices of the Department of Commerce, or from the Superintendent of Documents, U.S. Government Printing Office, Washington, D. C. 20402, at an annual subscription price of \$9, including weekly supplements; single copy, \$1.

Details of sales and inventories are given in the accompanying tables.

TABLE 1.--TOTAL MANUFACTURING AND TRADE
(Billions of dollars)

	Unadjusted			Seasonally adjusted			First 10 months	
	1969	1970		1970			1969	1970
	Oct.	Sept. ^r	Oct. ^p	Aug.	Sept. ^r	Oct. ^p		
<u>SALES</u>								
TOTAL.....	111.17	109.58	110.22	108.18	108.07	106.22	1035.21	1067.00
Manufacturing.....	58.59	58.44	56.64	56.70	56.48	54.96	546.01	557.70
Durable.....	32.56	31.66	30.04	31.27	30.86	29.38	304.06	303.55
Nondurable.....	26.02	26.77	26.60	25.43	25.61	25.57	241.96	254.15
Retail.....	30.64	29.74	31.79	30.78	30.88	30.48	292.57	303.79
Durable.....	10.06	9.04	9.50	9.50	9.56	8.89	94.06	92.67
Nondurable.....	20.59	20.70	22.30	21.28	21.33	21.60	198.51	211.12
Merchant wholesalers..	21.94	21.41	21.78	20.70	20.71	20.78	196.62	205.51
Durable.....	10.14	9.79	9.84	9.42	9.44	9.39	91.22	93.42
Nondurable.....	11.80	11.62	11.95	11.28	11.28	11.39	105.40	112.09
<u>INVENTORIES</u>								
TOTAL.....	163.23	168.04	169.90	169.36	170.04	170.10		
Manufacturing.....	94.12	97.81	98.31	98.49	98.66	99.23		
Durable.....	62.17	64.83	65.05	65.29	65.32	65.64		
Nondurable.....	31.94	32.98	33.26	33.20	33.34	33.59		
Retail.....	44.88	44.66	45.35	45.45	45.69	44.88		
Durable.....	19.08	18.66	18.23	20.12	20.27	19.29		
Nondurable.....	25.81	25.99	27.12	25.33	25.42	25.59		
Merchant wholesalers..	24.23	25.58	26.25	25.42	25.69	25.98		
Durable.....	14.32	15.20	15.26	15.16	15.28	15.31		
Nondurable.....	9.91	10.38	10.99	10.26	10.41	10.68		

TABLE 2.--RETAIL INVENTORIES
(Billions of dollars)

<u>KIND OF BUSINESS</u>						
TOTAL.....	44.88	44.66	45.35	45.45	45.69	44.88
Durable.....	19.08	18.66	18.23	20.12	20.27	19.29
Automotive.....	8.71	8.55	7.96	10.05	10.11	9.11
Furniture-appliance.	3.20	3.02	3.10	3.01	3.00	3.02
Lumber-hardware.....	2.62	2.53	2.53	2.56	2.58	2.56
Nondurable.....	25.81	25.99	27.12	25.33	25.42	25.59
Apparel.....	4.86	4.85	4.94	4.59	4.58	4.58
Food.....	4.66	4.67	4.85	4.75	4.71	4.75
General merchandise.	10.63	10.81	11.50	10.28	10.37	10.39
Department stores.	6.27	6.28	6.69	5.96	6.02	5.99

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