

UNITED STATES DEPARTMENT OF
COMMERCE
NEWS
WASHINGTON, D.C. 20230

OFFICE OF
BUSINESS
ECONOMICS

FOR IMMEDIATE RELEASE TUESDAY, MAY 14, 1968

OBE 68-22

Henry Shavell: WOrth 7-3273

MANUFACTURING AND TRADE INVENTORIES
AND SALES REPORT - MARCH 1968

Inventories held by manufacturing and trade firms increased about \$200 million in March, after seasonal adjustment, the U.S. Department of Commerce announced today. The March rise was well below that for other recent months, and compares with increases of \$280 million in February, \$600 million in January, and \$1.4 billion in December 1967.

The accumulation of \$1.1 billion for the entire first quarter was roughly one-third the total increase reported for the fourth quarter of 1967, the Office of Business Economics noted.

Manufacturers' stocks rose by \$320 million in March, with most of the rise in nondurables. Stocks held by retailers and wholesalers combined fell \$130 million during the month; the decline was concentrated largely in nondurable goods.

At the end of March, total manufacturing and trade inventories stood at \$141.8 billion, after seasonal adjustment, \$5.0 billion higher than a year earlier. The stock-sales ratio in March 1968 was 1.50, as compared with 1.53 in February and 1.57 in March 1967.

Accumulation slows in manufacturing

In durable goods manufacturing, an increase of \$100 million in March brought the total accumulation for the first quarter of 1968 to \$300 million, following an increase of \$1,350 million for the fourth quarter of 1967. A first quarter rise of nearly \$300 million in holdings of transportation equipment producers, plus smaller increases for most of the other durable goods groups, outweighed a decline of \$200 million in nonelectrical machinery stocks.

[More]

Two-thirds of the first quarter increase in stocks consisted of work-in-process; small gains for finished goods and purchased materials made up the remainder.

Manufacturers of nondurable goods increased their inventories \$200 million from February to March, on a seasonally adjusted basis. For the first quarter as a whole, the increase came to \$500 million, about double the increase in the fourth quarter of 1967. Increases of \$250 million and \$150 million for the food and textile industries respectively contributed most of the first quarter advance; all other major industries reported small increases. A rise of \$650 million in finished goods was partially offset by small declines in work-in-process and materials and supplies over the quarter.

Trade stocks ease

In March, retailers reduced their stocks for the second successive month; the seasonally adjusted decrease of \$80 million compares with a decline of \$50 million in February. For the quarter as a whole, retail stocks advanced \$320 million, much less than the \$540 million rise in the fourth quarter of 1967.

Retailers of durable goods cut their stocks by \$15 million in March, as an increase of \$65 million by auto dealers was more than offset by declines for all the other durable goods groups. Declines in the holdings of nondurable goods retailers totaled \$65 million in March, with retailers in all major nondurable goods lines reporting decreases from February.

Merchant wholesalers reduced their stocks by \$50 million in March, after seasonal adjustment, as declines for nondurable goods outweighed a slight increase in durable goods stocks. For the entire first quarter, wholesale stocks changed little, after a rise of \$825 million in the fourth quarter.

Sales reach peak levels

Manufacturing and trade firms reported an increase in sales to a new peak of \$94.3 billion in March, after seasonal adjustment. Retailers' sales rose most rapidly -- advancing nearly 3 percent from February. Manufacturers' sales were up 2 percent while merchant wholesalers' sales edged up one-half of 1 percent.

Combined sales for the first quarter of 1968 totaled a record \$279.5 billion, up 4 percent from the fourth quarter of 1967. Pacing the advance over the previous quarter was an increase of 4-1/2 percent for retailers, followed by a rise of 4 percent for manufacturers and an increase of 2-1/2 percent for wholesalers.

Sales increases were largest -- 14 percent for automobile manufacturers and 8 percent for auto dealers -- as a result of the recovery from last fall's strikes in the motor vehicle industry. First quarter advances averaged about 4 percent each for non-automotive durable goods retailers and manufacturers. Sales of nondurable goods retailers rose 4 percent from the fourth quarter of 1967 to the first quarter of 1968, as compared with increases of 2-1/2 percent for nondurable goods manufacturers.

[More]

Trade sales rise

In March, retailers of durable goods reported a sales rise of 3-1/2 percent to a new high of \$9.1 billion, seasonally adjusted, with gains registered by all major kinds of business. The largest increases were reported by retail automotive dealers, up 4 percent, and lumber-building hardware stores, up 3-1/2 percent.

Sales of nondurable goods retailers rose 2-1/2 percent from February to March to reach a peak of \$19.1 billion. All lines of business reported increases, ranging from 1 percent for eating and drinking establishments to 4 percent for general merchandise stores.

The advance retail sales report for April shows that total sales declined 2 percent from March, with a 3 percent fall in durable goods and a 1 percent reduction in nondurable goods.

Merchant wholesalers of nondurable goods reported a 1 percent increase to a new peak of \$9.9 billion in March while sales of durable goods wholesalers were unchanged from the February high.

Manufacturing sales up

From February to March, manufacturers of durable goods reported increases in sales averaging 2 percent, after seasonal adjustment. The increase brought sales for March to \$25.2 billion, close to the December peak. All industries except motor vehicles and parts and stone, clay, and glass reported sales rises from February to March. Several industries whose sales had slipped from January to February, such as aircraft, machinery, fabricated metals, and instruments, registered strong rebounds in March.

Sales of nondurable goods manufacturers rose 2 percent from February to a new peak of \$23.0 billion in March, with all major industries except textiles contributing to the advance.

New orders rise in March

New orders received by manufacturers rose 3-1/2 percent from February to a peak of \$49.1 billion in March, on a seasonally adjusted basis. Orders of durable goods manufacturers increased 5 percent primarily because of very large orders for commercial aircraft. This increase was partially offset by a drop in steel mill orders from their February peak. Changes for other durable goods industries were small. Orders for nondurable goods rose 1-1/2 percent from February to March, after seasonal adjustment.

From the fourth to the first quarter, new orders booked by manufacturers rose 2-1/2 percent, with durables up 3 percent and nondurables, 2 percent. Durable goods orders were buoyed by increases of 10 percent and 8 percent for transportation and steel firms respectively; these more than offset the decrease in orders received by the machinery and fabricated metals industries.

[More]

Unfilled orders on manufacturers' books rose \$900 million from the end of February to the end of March, after seasonal adjustment. An increase in orders of \$1.5 billion for the aircraft industry, consisting largely of orders for commercial aircraft, was accompanied by small declines for all other durable industries and for nondurables as well. The rise in unfilled orders for the first quarter as a whole came to \$600 million, as compared with decreases of \$1.3 billion and \$2.5 billion in the third and fourth quarters of 1967.

Unfilled orders were equal to 2.89 months of sales in March, down slightly from 2.91 in February and from 2.93 a year ago.

Details of sales and inventories are given in the following table:

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

	Unadjusted			Seasonally adjusted			First 3 months	
	1967	1968		1968			1967	1968
	Mar.	Feb	Mar P	Jan	Feb F	Mar P		
SALES								
TOTAL.....	89.04	89.03	94.32	92.54	92.59	94.32	260.56	279.46
Manufacturing.....	45.84	48.05	49.47	47.78	47.24	48.16	132.67	143.18
Durable.....	23.95	25.06	26.09	25.23	24.65	25.17	68.82	75.04
Nondurable.....	21.89	22.99	23.38	22.56	22.60	22.99	63.85	68.14
Retail.....	25.68	24.16	27.05	27.06	27.40	28.13	76.90	82.59
Durable.....	8.23	7.80	8.91	8.52	8.76	9.06	24.30	26.35
Nondurable.....	17.44	16.36	18.14	18.54	18.63	19.06	52.59	56.24
Merchant wholesalers...	17.53	16.82	17.80	17.69	17.95	18.04	50.99	53.68
Durable.....	7.62	7.54	8.03	7.89	8.17	8.15	22.34	24.21
Nondurable.....	9.90	9.28	9.77	9.80	9.78	9.90	28.65	29.48
INVENTORIES								
TOTAL.....	137.83	141.65	143.07	141.34	141.62	141.81		
Manufacturing.....	79.87	83.36	83.70	82.57	82.92	83.24		
Durable.....	51.58	54.35	54.63	53.74	54.14	54.24		
Nondurable.....	28.29	29.02	29.07	28.83	28.78	29.00		
Retail.....	37.11	36.72	37.74	37.13	37.08	37.00		
Durable.....	16.86	16.60	16.95	16.24	16.27	16.25		
Nondurable.....	20.25	20.13	20.79	20.89	20.81	20.75		
Merchant wholesalers...	20.86	21.56	21.63	21.64	21.62	21.57		
Durable.....	12.16	12.31	12.55	12.43	12.45	12.49		
Nondurable.....	8.70	9.25	9.09	9.21	9.18	9.08		

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

KIND OF BUSINESS	1967	1968	1968	1968	1968	1968
	Mar.	Feb	Mar P	Jan	Feb F	Mar P
TOTAL.....	37.11	36.72	37.74	37.13	37.08	37.00
Durable.....	16.86	16.60	16.95	16.24	16.27	16.25
Automotive.....	8.22	7.87	8.07	7.33	7.31	7.38
Furniture-appliance..	2.55	2.59	2.65	2.62	2.69	2.66
Lumber-hardware.....	2.47	2.44	2.51	2.51	2.48	2.46
Nondurable.....	20.25	20.13	20.79	20.89	20.81	20.75
Apparel.....	4.31	4.17	4.35	4.34	4.34	4.33
Food.....	4.19	4.24	4.30	4.28	4.28	4.26
General merchandise..	6.77	6.94	7.25	7.36	7.34	7.29
Department stores..	4.11	4.21	4.44	4.48	4.50	4.48

r. Revised.
p. Preliminary.