

UNITED STATES DEPARTMENT OF  
**COMMERCE**  
**NEWS**

WASHINGTON, D.C. 20230

OFFICE OF  
BUSINESS  
ECONOMICS

Lawrence Bridge: 967-3274  
FOR IMMEDIATE RELEASE THURSDAY, OCTOBER 17, 1968

OBE 68-51

MANUFACTURING AND TRADE:  
INVENTORIES AND SALES - AUGUST 1968

Manufacturers, wholesalers and retailers added \$650 million to their inventories in August, about the same as the July expansion, the Commerce Department's Office of Business Economics announced today.

The increase in stocks held by manufacturers alone totaled over \$1.0 billion, the largest monthly accumulation in two years. Retailers and wholesalers, however, each reported a stock reduction of about \$200 million.

While manufacturers' inventories rose sizably, their sales declined 3 percent from July to August, resulting in stocks equivalent to 1.76 months' sales, up from 1.68 in July. Wholesalers' and retailers' stock-sales ratios, on the other hand, fell in August, reflecting both advancing sales and declining inventories.

Unless otherwise noted, all figures in this report -- including the foregoing -- are adjusted for seasonal variation.

The data shown in this report for manufacturers' sales, inventories and orders and for retail sales are revised. The manufacturing series have been benchmarked to the Annual Survey of Manufacturers for the years 1961 to 1966 and new seasonal factors calculated. The retail sales series reflect a major change in the retail sample. Fuller details of these revisions, along with current data, are carried in the following Bureau of Census publications: M3-1.1, Manufacturers' Shipments, Inventories and Orders: 1961-68; M3-1(68)-8, Current Industrial Reports; CB-68-377, Advance Monthly Retail Sales: September 1968; and the forthcoming Monthly Retail Trade Report for August 1968.

[ More ]

### Manufacturers' stocks rise

Manufacturers of durable goods added nearly \$700 million to their holdings, the largest increase since January 1967. Inventories at the end of August totaled \$56.1 billion, \$3.3 billion more than a year earlier.

Accumulation by transportation equipment producers amounted to \$250 million and was concentrated largely in work-in-process. Primary metals producers also increased their holdings substantially as stocks of both work-in-process and finished goods rose. Smaller gains were reported by most of the other major industries.

Nondurable goods producers increased their inventories to \$30.7 billion, up \$350 million for the month and \$1.7 billion from August 1967. Additions to food stocks accounted for more than \$100 million of the August change, while holdings by all other industries were unchanged or larger.

### Trade stocks fall

Retailers of durable goods cut their inventories by \$140 million in August, reflecting principally the liquidation of stocks by auto dealers after 5 months of accumulation. Inventories of the furniture-home furnishings group and of lumber dealers dropped slightly, while stocks at other durable goods stores rose moderately.

Nondurable goods retailers' inventories fell \$50 million. Substantial cutbacks by apparel and general merchandise stores were partially offset by increased holdings at food and miscellaneous nondurable goods establishments.

Wholesalers of nondurable goods reduced their stocks by \$250 million, outweighing a rise of \$70 million among durable goods wholesalers.

### Sales movement mixed

Manufacturers' sales fell 3 percent from July to August, while retailers and wholesalers each reported increases of 1 percent.

Sales at durable goods retail stores went up 2 percent from July to August. A 3 percent sales increase by the automotive group was chiefly responsible for the advance, although furniture and appliance stores also showed sales gains.

At nondurable goods stores, sales rose one half of one percent, with increases for most major lines of business more than offsetting a dip of 1-1/2 percent in general merchandise sales.

Advance reports indicate that retail sales for September were virtually unchanged from August, with an increase of 2 percent in durable goods sales and a decline of 1 percent in nondurables.

Wholesalers of nondurable goods reported a rise of 3 percent in their sales from July to August in contrast to a decrease of one percent in durables.

#### Manufacturing sales and orders movements mixed

Sales of durable goods manufacturers fell to \$26.3 billion in August, down 5 percent from the July peak. Most of the drop stemmed from the abrupt decline in steel mill shipments from the high July rate, but sales by other durable goods manufacturers also averaged 1 percent less. Among the latter group, lower August sales by aircraft and fabricated metals offset increases for most other major industries.

Sales by nondurable goods manufacturers slipped 1 percent from their July record high to \$23.0 billion in August. Small sales gains by tobacco, chemical, and petroleum firms were outweighed by declines for all other nondurable goods industries.

Manufacturers' new orders totaled \$49.7 billion in August, little changed from July. An increase of one percent in orders for durable goods was about offset by a decline in orders for nondurables. Among the durable goods industries, larger orders were reported in August than in July for the fabricated metal group and for all of the major components of the transportation industry. In contrast, orders dropped for machinery and steel. New orders for steel fell 20 percent from July to the lowest level since September 1965.

Incoming orders exceeded sales in August by \$350 million, reversing the downward trend of the last three months. Increases of \$550 million in unfilled orders of transportation equipment manufacturers and \$225 million for fabricated metal producers were partially offset by declines in backlogs of primary metals, machinery, and nondurable goods firms.

At \$83.2 billion in August, unfilled orders were equal to 2.79 months of sales, up from 2.64 in July but less than the 2.84 ratio in August 1967.

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

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

The Survey of Current Business 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 \$9.00, including weekly supplements; single copy, \$1.00.

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

	Unadjusted			Seasonally adjusted		
	1967	1968		1968		
	Aug. <sup>r</sup>	July <sup>r</sup>	Aug. <sup>p</sup>	June <sup>r</sup>	July <sup>r</sup>	Aug. <sup>p</sup>
<u>SALES</u>						
Manufacturing.....	44.82	47.38	47.90	50.73	51.07	49.38
Durable.....	23.84	25.61	24.53	27.63	27.86	26.34
Nondurable.....	20.98	21.77	23.37	23.10	23.21	23.05
Retail.....	N.A.	28.55	29.49	N.A.	28.81	29.12
Durable.....	N.A.	9.69	9.40	N.A.	9.40	9.58
Nondurable.....	N.A.	18.86	20.09	N.A.	19.42	19.53
Merchant wholesalers.....	18.09	18.49	18.92	18.37	18.27	18.49
Durable.....	8.06	8.52	8.56	8.15	8.31	8.24
Nondurable.....	10.03	9.97	10.36	10.22	9.96	10.25
<u>INVENTORIES</u>						
Manufacturing.....	81.40	85.31	86.39	85.58	85.83	86.86
Durable.....	52.63	55.13	55.97	55.44	55.46	56.14
Nondurable.....	28.76	30.19	30.42	30.14	30.37	30.72
Retail.....	35.11	38.22	37.30	38.16	38.36	38.17
Durable.....	14.69	17.43	16.11	17.03	17.02	16.88
Nondurable.....	20.42	20.79	21.20	21.14	21.34	21.29
Merchant wholesalers.....	20.68	21.91	21.88	22.10	22.17	21.99
Durable.....	12.11	13.03	13.00	12.78	12.92	12.99
Nondurable.....	8.57	8.88	8.88	9.32	9.25	9.00

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

<u>KIND OF BUSINESS</u>						
TOTAL.....	35.11	38.22	37.30	38.16	38.36	38.17
Durable.....	14.69	17.43	16.11	17.03	17.02	16.88
Automotive.....	5.97	8.44	7.05	8.04	8.07	7.92
Furniture-appliance.....	2.56	2.72	2.72	2.70	2.73	2.72
Lumber-hardware.....	2.42	2.57	2.54	2.49	2.57	2.56
Nondurable.....	20.42	20.79	21.20	21.14	21.34	21.29
Apparel.....	4.41	4.38	4.62	4.45	4.58	4.52
Food.....	4.11	4.26	4.28	4.31	4.33	4.36
General merchandise.....	6.97	7.41	7.50	7.58	7.64	7.55
Department stores.....	4.21	4.47	4.51	4.61	4.64	4.56

r. Revised.

p. Preliminary.