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LS: See notation re stock/sales ratios in desk file copy.

MANUFACTURING AND TRADE:
INVENTORIES AND SALES - SEPTEMBER 1968

Manufacturers, wholesalers and retailers combined added \$450 million to their stocks in September, about one-half the August increase (revised), the Commerce Department's Office of Business Economics announced today.

Retailers expanded their inventories by \$400 million in September and manufacturers, by \$150 million. Wholesalers reported a \$100 million decline.

The September changes brought the rise for the entire third quarter to \$1.9 billion, down substantially from the \$3.4 billion advance in the second quarter. The \$1.9 billion included additions of \$1.3 billion by manufacturers and \$0.6 billion by retailers; wholesalers' stocks were unchanged.

In September, combined sales of manufacturers, wholesalers and retailers climbed to a peak of \$98.9 billion -- up 1-1/2 percent from August and 10 percent from a year ago.

Last month's report carried revised data for manufacturers' sales, inventories and orders and for retail sales. This press release adds revised figures for retail inventories. The latest revision entails adjustments to benchmark data from the Annual Retail Trade Reports for 1966 and 1967 and also brings inventories into conformity with the recently-revised retail sales sample. Seasonal factors were also updated. Fuller details of the revisions in retail inventories and in combined manufacturing and trade inventories will be published in the November 1968 Survey of Current Business.

[More]

The percentage increase in sales was larger than that in inventories, so that September stocks were equivalent to 1.52 months of sales, down from 1.54 in August. The ratio in September 1967 was 1.57.

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

Manufacturers' stocks rise

Manufacturers of durable goods added about \$100 million to their holdings in September, as compared with \$600 million the month before. The slowdown in accumulation was due chiefly to large declines in stocks of materials and supplies held by motor vehicle manufacturers. Other industries, with the exception of electrical machinery, reported small inventory increases.

Changes in the holdings of nondurable goods producers were small, with additions to finished goods outweighing declines in working stocks.

Mixed movements for trade stocks

Retailers of durable goods expanded their inventories by \$120 million. A sizable increase in auto dealers' stocks and a small rise at lumber and hardware dealers were partially offset by declines for other durable goods trades.

The increase in nondurable goods holdings was larger--close to \$300 million--and included additions by all major lines of trade except department stores.

Merchant wholesalers of durables cut their inventories by about \$100 million in September, but little change occurred in nondurable goods stocks.

Sales rise to new high

Manufacturers' sales were up 3 percent in September, rebounding close to the July peak, while wholesalers' sales rose 1-1/2 percent to a record high. Retailers' receipts, on the other hand, were off slightly from the August rate.

Sales at retail durable goods stores went up 2 percent from August to September, spearheaded by automotive dealers' sales, which rose 4 percent. Other major trades were either unchanged or down slightly. Receipts at nondurable goods stores fell 1-1/2 percent, with widespread declines reported by most kinds of business.

Sales of merchant wholesalers of durable goods rose 2-1/2 percent from August to September, while those of nondurable goods wholesalers edged up.

Manufacturers' sales and orders gain

Manufacturers of durable goods increased their sales by more than 4 percent in September, reversing the downward movement in the preceding month. Gains were reported for all major industries -- the largest for stone, clay and glass, transportation equipment, nonelectrical machinery, and primary metals.

There were also general increases in sales of nondurable goods industries, with all lines except tobacco contributing to the 1-1/2 percent rise.

New orders rose at an accelerated pace in September, increasing 3 percent from August, with manufacturers of both durable and nondurable goods reporting substantial gains of 4 and 2 percent respectively. Except for sizable declines in orders received by transportation equipment producers, all major industries reported increases. The most notable gain was the 16 percent increase in orders received by primary metals companies, after the sharp cutback that followed the signing of the new labor contract in steel at the end of July.

New orders exceeded sales by \$400 million in September, about the same as in August. Unfilled orders at the end of September amounted to \$83.6 billion, almost \$3 billion higher than a year earlier. During September, a \$500 million decline in the backlogs of aircraft and parts manufacturers partially offset substantial increases for all other industries.

The increase in unfilled orders failed to match the sales rise, so that the ratio of unfilled orders to sales fell to 2.68 in September from 2.79 in August and 2.90 a year ago.

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

TABLE 1.--TOTAL MANUFACTURING AND TRADE

(Billions of dollars)

	Unadjusted			Seasonally adjusted			First 9 months	
	1967	1968		1968			1967 ^r	1968 ^r
	Sept ^r	Aug ^r	Sept ^p	July ^r	Aug ^r	Sept ^p		
<u>SALES</u>								
TOTAL.....	90.74	96.31	98.52	98.38	97.24	98.87 ^r	796.79	864.04
Manufacturing.....	47.20	47.97	52.86	51.31	49.71	51.20	407.98	446.96
Durable.....	25.53	24.69	28.45	28.09	26.72	27.86	222.76	245.18
Nondurable.....	21.68	23.28	24.41	23.21	22.99	23.34	185.21	201.78
Retail.....	26.26	29.41	27.08	28.80	29.04	28.94 ^r	235.29	253.63
Durable.....	8.24	9.38	8.73	9.40	9.57	9.74 ^r	75.29	82.38
Nondurable.....	18.02	20.03	18.35	19.40	19.47	19.20	160.00	171.25
Merchant wholesalers...	17.27	18.93	18.58	18.27	18.50	18.74	153.52	163.45
Durable.....	7.73	8.63	8.53	8.31	8.30	8.49	67.12	73.68
Nondurable.....	9.54	10.30	10.05	9.96	10.20	10.24	86.40	89.77
<u>INVENTORIES</u>								
TOTAL.....	140.01	148.32	148.77	149.06	149.92	150.38		
Manufacturing.....	81.04	86.25	86.17	85.83	86.71	86.88		
Durable.....	52.28	55.90	55.85	55.46	56.07	56.18		
Nondurable.....	28.76	30.35	30.32	30.37	30.64	30.70		
Retail.....	38.12	39.98	40.54	41.06	41.01	41.42		
Durable.....	16.02	17.54	17.24	18.48	18.50	18.62		
Nondurable.....	22.10	22.44	23.30	22.59	22.51	22.80		
Merchant wholesalers...	20.85	22.09	22.05	22.17	22.20	22.08		
Durable.....	12.12	13.18	13.06	12.92	13.17	13.06		
Nondurable.....	8.73	8.91	9.00	9.25	9.03	9.02		

TABLE 2.--RETAIL INVENTORIES

(Billions of dollars)

<u>KIND OF BUSINESS</u>							
TOTAL.....	38.12	39.98	40.54	41.06	41.01	41.42	
Durable.....	16.02	17.54	17.24	18.48	18.50	18.62	
Automotive.....	6.29	7.35	7.13	8.41	8.42	8.59	
Furniture-appliance..	2.88	3.03	3.06	3.04	3.04	3.01	
Lumber-hardware.....	2.64	2.76	2.79	2.81	2.78	2.80	
Nondurable.....	22.10	22.44	23.30	22.59	22.51	22.80	
Apparel.....	4.58	4.67	4.95	4.63	4.57	4.67	
Food.....	4.16	4.31	4.38	4.36	4.38	4.41	
General merchandise..	9.14	9.30	9.73	9.45	9.35	9.36	
Department stores..	5.18	5.19	5.38	5.33	5.23	5.15	

r. Revised.

p. Preliminary.