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MANUFACTURING AND TRADE:
INVENTORIES AND SALES - MARCH 1969

Business firms added \$1.0 billion to their stocks in March, the Commerce Department's Office of Business Economics announced today. Manufacturers' inventories rose about \$700 million and wholesalers', about \$300 million. On balance, holdings of retailers were virtually unchanged.

The \$1.0 billion March increase, following gains of \$1.2 billion in February (revised) and \$300 million in January, brought the first quarter accumulation to about \$2.6 billion. This was less than the large \$3.1 billion rise in the fourth quarter of 1968.

The smaller addition as compared with the preceding quarter was due entirely to retailers. In the fourth quarter, when retail sales declined, retail stocks increased \$1.2 billion. The improvement in retail sales in the opening quarter was accompanied by an inventory rise of only \$350 million. In contrast to retailers, manufacturers and wholesalers both added more to their inventories in the first quarter than in the fourth.

Combined business sales totaled \$101.5 billion in March, little changed from the February high. With inventories rising and sales about unchanged, the stock-sales ratio rose to 1.54 from 1.53 in February. Last March the ratio was also 1.54.

All figures in the text of this report are adjusted for seasonal variations.

Retailers' stocks

During March, all durable goods retailers except lumber, building and hardware dealers reported slightly larger holdings. The small increase for durables offset a drop in stocks of nondurables. Among the latter, declines in some lines -- particularly at department stores -- outweighed increases in others.

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Durable goods dealers, whose inventory expansion had contributed substantially to the \$3.1 billion advance in business stocks during the fourth quarter, made only fractional additions during the January-March period. A leveling off in stocks held by auto dealers and retailers in the "other durable goods" category was mainly responsible for the change.

Nondurable goods establishments also added less to stocks in the first quarter than in the fourth. Retailers in the general merchandise category, who had contributed \$450 million to the fourth quarter rise, increased their holdings by only \$50 million during the first three months of this year.

Wholesalers' stocks

Durable and nondurable goods wholesalers contributed about equally to the \$300 million inventory rise in March and to the \$525 million first quarter expansion as well.

Manufacturers' stocks

Durable goods producers increased their stocks by \$650 million in March, with all major industries participating in the upward movement. The March rise brought the first quarter increment to \$1.5 billion, up from \$1 billion in the October-December period, and the largest quarterly advance since early 1967. Additions to work-in-process accounted for 60 percent of the quarterly increase.

Stocks held by nondurable goods manufacturers rose slightly in March, with increases by textile and chemical producers largely offset by decreases among food, tobacco and rubber firms. Additions during the first quarter totaled \$160 million, as compared with \$500 million in the preceding three months. An increase of about \$1/4 billion in finished goods and a small rise in work-in-process were partly offset by a decline in holdings of purchased materials.

Sales movements

Manufacturers' and retailers' sales slipped 1 percent in March from their February peaks. However, the decrease was outbalanced by a large 4-1/2 percent gain in wholesalers' volume, with durables up 2 percent and nondurables, 6-1/2 percent.

For the entire first quarter, combined business sales rose to a peak of \$303.1 billion, 1-1/2 percent above the fourth quarter. Sales of manufacturers, retailers and wholesalers all advanced at about the same rate.

At retail durable goods outlets, sales fell 2 percent in March, as all major kinds of business reported declines from the high February levels. Sales of nondurable goods retailers edged off fractionally.

For the first quarter as a whole, sales of both durable and nondurable goods retailers were at new highs. Durable goods sales rose 2 percent, with increases registered by all major types of establishments. Nondurable goods sales were up 1-1/2 percent, with sales above fourth quarter totals for most principal lines of trade.

According to advance reports of the Census Bureau, retail sales rose 1 percent in April to a new peak of \$29.4 billion, with sales of durables up 1 percent and nondurables, 2 percent.

Manufacturers' sales and orders

Sales of durable goods producers fell 1-1/2 percent in March from their February record. Although nearly one-half of the decline was attributable to lower sales by motor vehicle makers, decreases were also reported by all other major industries except primary metals and electrical machinery.

Sales of nondurables edged up in March, with gains for most major groups partly offset by lower sales in the tobacco, paper, and chemical industries.

For the first quarter as a whole, sales of durable goods rose 4 percent to an all-time high, with all principal industries except transportation sharing in the upswing. In contrast, sales of nondurables, which had reached peak rates during the fourth quarter, slipped 1 percent.

Manufacturers' new orders fell 1 percent from February to March. A small increase in orders for nondurables was outweighed by a drop of 2-1/2 percent in durable goods orders. About three-quarters of the decline in durables was reported by the aircraft and parts industry. There were smaller decreases in orders for motor vehicles and parts and nonelectrical machinery.

Despite the March drop, new orders for durable goods during the entire first quarter exceeded fourth quarter orders by 1 percent. For nondurables, new orders fell 1 percent from the fourth quarter peak.

The backlog of unfilled orders on manufacturers' books rose \$300 million in March after additions of \$600 million in February and \$300 million in January. This brought the rise for the entire quarter to \$1.2 billion, as compared with \$3.5 billion in the closing quarter of 1968.

Unfilled orders at the end of March were equal to 2.68 months of sales, up slightly from 2.65 in February, but down from 2.82 in March 1968.

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

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

TABLE 1.--TOTAL MANUFACTURING AND TRADE

(Billions of dollars)

	Unadjusted			Seasonally adjusted			First 3 months	
	1968	1969		1969			1968	1969
	Mar.	Feb ^r	Mar ^P	Jan	Feb ^P	Mar ^P		
SALES								
TOTAL.....	95.32	95.68	102.37	100.14	101.39	101.54	281.40	303.06
Manufacturing.....	50.49	53.93	55.10	52.80	53.30	52.93	145.25	159.03
Durable.....	28.29	30.29	30.99	29.32	29.91	29.47	80.48	88.71
Nondurable.....	22.20	23.65	24.11	23.48	23.39	23.46	64.77	70.32
Retail.....	27.05	24.84	28.03	28.99	29.29	29.00	82.49	87.28
Durable.....	8.92	8.24	9.25	9.45	9.60	9.41	26.43	28.45
Nondurable.....	18.13	16.60	18.78	19.54	19.69	19.59	56.06	58.83
Merchant wholesalers...	17.78	16.90	19.24	18.35	18.80	19.61	53.67	56.76
Durable.....	8.03	7.96	8.90	8.56	8.94	9.10	24.20	26.60
Nondurable.....	9.75	8.94	10.34	9.79	9.86	10.51	29.46	30.16
INVENTORIES								
TOTAL.....	146.43	155.58	157.76	154.18	155.43	156.42		
Manufacturing.....	84.30	90.16	90.82	88.90	89.56	90.26		
Durable.....	54.58	58.57	59.25	57.88	58.28	58.94		
Nondurable.....	29.72	31.59	31.57	31.03	31.27	31.32		
Retail.....	40.45	42.60	43.74	42.74	43.01	43.00		
Durable.....	18.40	19.88	20.33	19.62	19.49	19.54		
Nondurable.....	22.05	22.71	23.42	23.12	23.53	23.46		
Merchant wholesalers...	21.68	22.83	23.19	22.54	22.86	23.15		
Durable.....	12.56	13.40	13.71	13.37	13.53	13.67		
Nondurable.....	9.12	9.42	9.48	9.16	9.33	9.48		

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

KIND OF BUSINESS							
TOTAL.....	40.45	42.60	43.74	42.74	43.01	43.00	
Durable.....	18.40	19.88	20.33	19.62	19.49	19.54	
Automotive.....	8.41	9.58	9.77	9.10	8.97	9.01	
Furniture-appliance..	2.95	3.01	3.10	3.14	3.11	3.15	
Lumber-hardware.....	2.74	2.93	3.00	2.91	2.97	2.96	
Nondurable.....	22.05	22.71	23.42	23.12	23.53	23.46	
Apparel.....	4.40	4.70	4.90	4.81	4.88	4.91	
Food.....	4.32	4.50	4.58	4.55	4.55	4.57	
General merchandise..	8.97	9.40	9.78	9.65	9.92	9.86	
Department stores..	5.11	5.38	5.62	5.60	5.75	5.68	

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