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MANUFACTURING AND TRADE INVENTORIES AND SALES  
MARCH 1971

Manufacturing and trade firms added \$525 million to their stocks in March, compared with increases of about \$300 million in both January and February, the Commerce Department's Office of Business Economics announced today. The first-quarter inventory increase amounted to \$1.1 billion, about the same as in the fourth quarter of 1970.

The major element in the March inventory increase was restocking by retail motor vehicle dealers. They added \$645 million to their holdings in March, while other retail firms added \$340 million; manufacturers reduced their stocks by \$310 million and wholesalers by \$150 million.

Combined business sales rose 1 percent from February to March, exceeding the rise in inventories. Thus, the stock-sales ratio moved to 1.54 months from 1.55 in February. The ratio was 1.58 in March 1970.

For the entire first quarter, sales reached a record \$332 billion, up 4 percent from the fourth quarter and 2 percent higher than the previous peak reached in the third quarter.

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

Trade stocks

Durable goods retailers added \$650 million to their stocks in March. Virtually all of the increase was reported by auto dealers. Their first-quarter inventory increase totaled \$1.2 billion, compared with a \$1.6 billion decline in the fourth quarter. Auto dealers' holdings now total \$9.8 billion, only \$250 million short of the pre-strike level last August.

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Small offsetting changes were reported in March by nonautomotive durable goods dealers; for the first quarter as a whole, their stocks fell \$150 million, after increasing \$320 million in the fourth quarter.

Stocks of nondurable goods retailers rose \$330 million in March, buoyed by sizable increases for all major lines of trade. For the entire first quarter, stock addition came to \$410 million, little different from that in the fourth quarter.

Durable goods merchant wholesalers cut their stocks by \$185 million in March, outweighing a small increase in nondurable goods stocks. Growth in wholesalers' stocks in the first quarter fell to \$50 million, compared with the record \$900 million rise in the last quarter of 1970.

#### Manufacturers' stocks

Most of the March decline in manufacturers' stocks was attributable to a cutback of \$275 million by nondurable goods producers, which affected all of the major groups except textiles and rubber. The decline in durable goods stocks was relatively small, only \$35 million, with large declines for aircraft and parts and nonelectrical machinery producers more than offsetting increases for fabricated metals, and electrical machinery.

Manufacturing stocks at the end of March were \$400 million below their yearend level. This is the first quarterly drop in manufacturing inventories since 1961; they increased almost \$1.0 billion in the fourth quarter of 1970.

#### Sales movements

Total sales advanced in March, mostly on the strength of a 2-percent gain for retailers and a 1-percent increase for manufacturers. Merchant wholesalers' sales edged up fractionally during the month as an increase in durable goods sales outweighed a drop for nondurable goods sales.

The March increases, plus those reported for the first 2 months of the year, brought first-quarter sales at all enterprise levels -- manufacturing, retailing and wholesaling -- to new highs.

#### Retail sales

Retail durable goods sales rose 3-1/2 percent from February to March, buoyed by a 4-1/2 percent increase for automotive dealers and 3 percent increases for the furniture-appliance and lumber-building-hardware groups. Total durable goods sales in the first quarter rose 13 percent from the strike-affected fourth quarter to a new high 3 percent above the third quarter.

Nondurable goods stores reported sales up 1 percent from February to March, as all major kinds of business except gasoline service stations had increases of 1 percent or more. Sales rose fractionally for the first quarter.

#### Manufacturers' sales and orders

Durable goods manufacturers reported a 2-percent rise in sales between February and March, about equal to the increases recorded for January and February. The first quarter sales reached a record \$93.9 billion, 6-1/2 percent above the strike-affected fourth quarter but only 1/2 of 1 percent above the third quarter.

The rebound in sales of motor vehicles and parts accounted for most of the overall rise in January and February but in March substantial increases for primary metals and aircraft and parts were more important. Nevertheless, for the quarter as a whole, an increase in sales of over 40 percent for the motor vehicles and parts industry accounted for three-fourths of the total rise from the fourth quarter. Sales by all other industries rose 2 percent from the fourth quarter but were still 1 percent below the third quarter.

Sales of nondurable goods totaled \$78.8 billion in the first quarter, 3 percent above the fourth quarter. The sales growth in January and February more than offset a fractional decline in March. Sales of textiles and rubber in the first quarter rose 10 percent and 7 percent, respectively, from the previous quarter.

Manufacturers' new orders slipped 1 percent in March from the peak reached in February. For the entire first quarter, new orders registered a new peak of \$174 billion.

All of the March decline occurred in durable goods, reflecting primarily a decline of nearly 10 percent in orders for transportation equipment. A very large drop in orders for shipbuilding and railroad equipment outweighed a substantial rise in orders for aircraft and parts.

During the first quarter of 1971, durable goods' orders rebounded from their fourth quarter losses and rose 3 percent above the third quarter rate.

Orders for transportation equipment rose 7 percent; those for all other commodities 2 percent.

The value of unfilled orders on manufacturers' books fell more than \$400 million in March, following 4 months of increases. All of the decline was reported by durable goods firms, especially those in the aircraft and parts industry. Since this decline was accompanied by a rise in sales, the ratio of durable goods unfilled orders to sales fell appreciably, from 3.02 months in February to 2.83 in March. The ratio was 3.08 months at the end of March 1970.

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 table.

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

	Unadjusted			Seasonally adjusted			First 3 months	
	1970	1971		1971			1970	1971
	Mar	Feb <sup>r</sup>	Mar <sup>p</sup>	Jan	Feb <sup>r</sup>	Mar <sup>p</sup>		
<u>SALES</u>								
TOTAL.....	106.48	104.56	113.71	109.00	110.75	111.89	316.58	331.63
Manufacturing.....	57.17	58.52	60.47	56.50	57.80	58.32	165.91	172.62
Durable.....	31.25	31.95	33.65	30.54	31.35	31.96	89.96	93.86
Nondurable.....	25.92	26.58	26.82	25.96	26.45	26.36	75.95	78.77
Retail.....	28.72	26.84	31.04	31.15	31.61	32.18	89.35	94.95
Durable.....	8.92	8.44	10.21	9.48	9.78	10.13	27.16	29.40
Nondurable.....	19.80	18.40	20.83	21.67	21.83	22.05	62.19	65.55
Merchant wholesalers..	20.59	19.20	22.20	21.34	21.33	21.39	61.33	64.06
Durable.....	9.37	8.50	9.98	9.43	9.46	9.64	27.84	28.52
Nondurable.....	11.22	10.70	12.22	11.91	11.88	11.75	33.48	35.53
<u>INVENTORIES</u>								
TOTAL.....	167.21	171.75	173.57	171.43	171.76	172.28		
Manufacturing.....	97.50	100.08	99.74	99.80	99.52	99.21		
Durable.....	64.60	65.64	65.66	65.61	65.35	65.31		
Nondurable.....	32.90	34.43	34.08	34.19	34.17	33.90		
Retail.....	44.80	44.92	47.09	44.98	45.43	46.42		
Durable.....	20.23	19.86	20.92	18.99	19.48	20.13		
Nondurable.....	24.57	25.07	26.17	26.00	25.95	26.28		
Merchant wholesalers..	24.91	26.76	26.74	26.65	26.81	26.66		
Durable.....	14.82	15.67	15.69	15.65	15.84	15.65		
Nondurable.....	10.09	11.08	11.05	10.99	10.97	11.00		

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

<u>KIND OF BUSINESS</u>							
TOTAL.....	44.80	44.92	47.09	44.98	45.43	46.42	
Durable.....	20.23	19.86	20.92	18.99	19.48	20.13	
Automotive.....	9.87	9.66	10.52	8.68	9.16	9.80	
Furniture-appliance.	3.08	2.92	2.98	2.97	2.99	3.00	
Lumber-hardware.....	2.58	2.68	2.80	2.67	2.72	2.76	
Nondurable.....	24.57	25.07	26.17	26.00	25.95	26.28	
Apparel.....	4.54	4.41	4.69	4.70	4.58	4.66	
Food.....	4.64	4.78	4.96	4.84	4.83	4.95	
General merchandise.	9.71	10.09	10.57	10.62	10.68	10.73	
Department stores.	5.67	5.74	6.10	6.16	6.12	6.15	

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