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MANUFACTURING AND TRADE INVENTORIES AND SALES - SEPTEMBER 1971

Manufacturing and trade firms added \$790 million to their stocks in September, compared with increases of \$485 million in August and \$310 million in July, the Commerce Department's Office of Business Economics announced today. Inventory accumulation in the third quarter amounted to \$1.6 billion, just about the same as in the second quarter.

Retailers added \$610 million to their stocks in September, bringing their quarterly increment to \$1.4 billion. Wholesalers' additions totaled \$30 million in September and nearly \$500 million during the third quarter. In contrast, manufacturers' stocks dropped \$325 million during the third quarter, as the September increase of \$150 million did not outweigh July and August declines.

Combined business sales totaled \$115 billion, the same as in August. The third quarter sales were up 1/2 of 1 percent from the second.

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

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Data Revision

Retail sales included in this report have been revised by the Bureau of the Census. Additional data will be published in the Census Bureau's Monthly Retail Trade Report for August 1971 and in the November 1971 Survey of Current Business. The retail inventory estimates in this release are not yet adjusted to conform with the new retail sales estimates. Revised inventory estimates starting in January 1968 are now being prepared and will be shown in the December 1971 Survey of Current Business.

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### Trade stocks

Automotive retailers added \$460 million to stocks in September, accounting for most of the \$530 million increase in durable goods inventories. Autos were also the main factor in the \$1.2 billion rise in durable goods stocks during the third quarter. Inventory changes reported for September by other kinds of durable goods dealers were relatively small. Nondurable goods retailers added \$80 million to their holdings in September, with increases for department stores and food stores outweighing declines for other lines.

Durable goods merchant wholesalers added more than \$200 million to stocks in September, bringing the total accumulation for the quarter to \$525 million -- a slightly larger increase than in the second quarter.

Nondurable goods wholesalers cut stocks by \$170 million in September, slightly exceeding the additions earlier in the quarter.

### Manufacturers' stocks

All of the September increase in manufacturers' stocks was reported by nondurable goods firms; their \$170 million increase brought end-of-September stocks level with those reported at the end of June.

Durable goods stocks fell slightly in September, bringing the total drop for the third quarter to \$325 million, marking the third successive quarter of liquidation. Producers of motor vehicles and parts, and machinery were responsible for all of the third quarter drop, outweighing small increases for all other lines.

### Sales movements

Retail sales rose 1-1/2 percent in September, while manufacturers and wholesalers each showed declines of one-half of 1 percent.

In the third quarter, retail sales rose 2-1/2 percent. Wholesalers gained 1 percent. Manufacturers' third quarter sales, in contrast, fell nearly 1 percent from the record second quarter.

### Trade sales

Durable goods' retailers volume rose 4-1/2 percent in September, buoyed by an 8-percent increase in automotive dealers' sales; sales slipped slightly at other durables goods stores. Nondurable goods sales were unchanged from August.

Durable goods' sales rose 5-1/2 percent from the second to the third quarter, paced by an increase of 7-1/2 percent in automotive dealers' sales. Sales at lumber-building-hardware and "other durables" outlets advanced moderately, while furniture-appliance stores' receipts slipped slightly.

Retail sales of nondurables rose 1 percent in the third quarter as most major lines reported increases.

Merchant wholesalers of both durable and nondurable goods reported lower sales in September. For the third quarter, however, sales for both groups were stronger than in the previous period.

#### Manufacturers' sales and orders

Sales by durable goods manufacturers fell for the third successive month in September. A 4 percent drop in transportation equipment sales accounted for most of the 1 percent decline for the group. Steel sales rebounded sharply from the low August rate but were still substantially below their July record. For the third quarter, durable goods shipments were down 1 percent, largely reflecting the fall-off in shipment of steel and aircraft and parts.

Sales of nondurables slipped fractionally in September, with moderate declines for food and beverage, paper, rubber, and "other nondurable goods" outweighing advances elsewhere. Nondurables sales were slightly off for the third quarter as well.

Manufacturers' new orders fell 2 percent in September. The decline was due mostly to a 3 percent drop in durable goods orders but nondurable goods orders also edged down in September.

Total orders booked during the third quarter, however, exceeded those for the second quarter by 1-1/2 percent as a 3-1/2 percent advance in new orders for durable goods more than offset a fractional decline for non-durable goods.

New orders fell below sales in September, and manufacturers unfilled orders declined more than \$500 million. This more than offset August's \$280 million increase and brought the total decline in unfilled orders to \$400 million in the third quarter. During the second quarter, manufacturers' backlogs had dropped \$4.4 billion. The slower rate of backlog erosion in the third quarter reflected primarily the substantial easing in the rate of decline in unfilled orders of primary metals and transportation equipment industries.

At \$77.4 billion, September orders backlogs were equal to 2.27 months of sales, compared to 2.26 in August and 2.41 in September 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 following table.

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

	Unadjusted			Seasonally adjusted			First 9 months	
	1970	1971		1971			1970	1971
	Sept	Aug <sup>r</sup>	Sept <sup>p</sup>	July	Aug <sup>r</sup>	Sept <sup>p</sup>		
<u>SALES</u>								
TOTAL.....	109.50 <sup>r</sup>	113.31	117.24	114.73 <sup>r</sup>	115.06	115.08	N.A.	1021.12
Manufacturing.....	57.24	56.32	59.87	58.42 <sup>r</sup>	57.80	57.46	493.62	519.20
Durable.....	30.82	29.71	32.31	32.12 <sup>r</sup>	31.46	31.20	267.90	283.24
Nondurable.....	26.42	26.61	27.56	26.30	26.34	26.26	255.72	235.96
Retail.....	30.86 <sup>r</sup>	33.84	34.04	33.69 <sup>r</sup>	34.66	35.16	N.A.	302.82
Durable.....	9.53 <sup>r</sup>	10.92	11.38	10.75 <sup>r</sup>	11.30	11.79	N.A.	96.80
Nondurable.....	21.33 <sup>r</sup>	22.92	22.66	22.94 <sup>r</sup>	23.36	23.36	N.A.	206.02
Merchant wholesalers..	21.41	23.15	23.33	22.62	22.61	22.47	184.73	199.10
Durable.....	9.79	10.79	10.80	10.36	10.47	10.38	84.03	90.58
Nondurable.....	11.62	12.36	12.53	12.26	12.13	12.09	100.70	108.52
<u>INVENTORIES</u>								
TOTAL.....	168.95	173.96	175.14	175.56	176.04	176.84		
Manufacturing.....	98.71	99.75	99.32	100.19	100.06	100.21		
Durable.....	64.50	64.43	64.02	64.69	64.52	64.50		
Nondurable.....	34.21	35.33	35.30	35.50	35.54	35.71		
Retail.....	44.66	46.62	48.10	47.50	48.19	48.80		
Durable.....	18.66	19.98	20.60	20.88	21.45	21.98		
Nondurable.....	25.99	26.64	27.50	26.62	26.74	26.82		
Merchant wholesalers..	25.58	27.58	27.71	27.87	27.80	27.83		
Durable.....	15.20	16.65	16.68	16.58	16.53	16.73		
Nondurable.....	10.38	10.94	11.03	11.28	11.27	11.10		

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

<u>KIND OF BUSINESS</u>						
TOTAL.....	44.66	46.62	48.10	47.50	48.19	48.80
Durable.....	18.66	19.98	20.60	20.88	21.45	21.98
Automotive.....	8.55	9.71	10.29	10.56	11.20	11.66
Furniture-appliance.	3.02	2.99	3.03	2.98	3.00	3.02
Lumber-hardware.....	2.53	2.67	2.67	2.75	2.69	2.68
Nondurable.....	25.99	26.64	27.50	26.62	26.74	26.82
Apparel.....	4.85	4.84	5.02	4.75	4.75	4.72
Food.....	4.67	5.05	5.11	5.15	5.14	5.16
General merchandise.	10.81	10.93	11.53	10.89	10.95	11.06
Department stores.	6.28	6.24	6.67	6.25	6.26	6.38

r Revised.

p Preliminary.