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THE PRESIDENT HAS SEEN. d.g.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20506

October 1, 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Manufacturers' Orders, Shipments and Inventories
in August

A. Summary

New orders received by manufacturers -- an advance indicator of manufacturing activity -- rose 3.4 percent in August or approximately as much as the wholesale prices of manufactured goods rose. Shipments rose by 2.0 percent. Orders were greater than shipments so that un-filled order backlogs increased -- for the 35th month in a row.

Manufacturers added \$2.6 billion to their inventories in August as compared to \$3.2 billion in July. Although these are very large figures, the increases seem to be mainly higher prices rather than increased physical volume.

B. Additional Detail

After allowing for inflation, orders for durable goods have not changed much since the second quarter and in July and August were running about 4 percent below year-earlier levels. Manufacturers are being very careful about inventories because the supply situation seems to be easing in many industries where shortages used to be common. This may have the effect of lowering production in the period ahead.

These figures are for release October 2 at 2:00 p.m.

Alan Greenspan
Chairman

William J. Fellner
William J. Fellner
Member

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