

U.S. Companies Boosted Stockpiles 0.4 Percent

Martin Crutsinger, AP Economics Writer

WASHINGTON (AP) — U.S. companies increased their stockpiles at a faster rate in April, despite only modest growth in sales.

The Commerce Department said Wednesday that business stockpiles grew 0.4 percent in April, slightly better than March's pace. Sales were up a modest 0.2 percent in April, matching the March increase.

It would take roughly five weeks to exhaust existing stockpiles at the April sales pace. That's considered a healthy time frame and suggests businesses will keep restocking to meet demand, which should help boost growth in the April-June quarter.

When businesses step up restocking, they order more goods. That generally leads to increased factory production and higher economic growth.

But stockpile growth largely depends on the spending habits of U.S. consumers and businesses. Americans barely increased their spending at retail businesses in April and May, constrained by weak job creation and paltry wage increases.

For April, stockpiles held by retailers and wholesalers both rose 0.6 percent. Stockpiles at the manufacturing level were unchanged.

Total inventories rose to \$1.58 trillion in April, 19.7 percent higher than the low reached in September 2009, a period when businesses were slashing inventories in response to the deep recession.

Slower growth in inventories held back growth in the January-March quarter. In the first three months of this year, the economy grew at an annual rate of 1.9 percent.

Weaker job creation in April and May could be forcing some consumers to scale back on spending. And pay has risen just 1.7 percent over the past 12 months. That's slower than the rate of inflation for that period.

One positive change: Gas prices have tumbled since early April. That could give Americans more money to spend on appliances, vacations and other discretionary purchases.

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