

## **U.S. Wholesale Stockpiles Grew In April**

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WASHINGTON (AP) — U.S. wholesale businesses increased their stockpiles at a faster rate in April, responding to a strong gain in sales. The increase could be a good sign for economic growth in the April-June quarter.

The Commerce Department says stockpiles grew 0.6 percent at the wholesale level in April, double the March gain. Sales by wholesale businesses jumped 1.1 percent in April, nearly three times the March sales gain.

Stockpiles at the wholesale level stood at \$483.5 billion in April. That's 25.6 percent above the post-recession low of \$384.9 billion in September 2009.

It would take roughly five weeks to exhaust all wholesale stockpiles at the April sales pace. That's considered a healthy time frame and suggests businesses will keep restocking to meet demand.

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

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.

The increase in wholesale inventories was bigger than economists had forecast. That could signal that inventory growth will pick up and boost economic growth in the April-June quarter.

But stockpile growth largely depends on the spending habits of U.S. consumers and businesses.

Weaker job creation in April and May could force some to scale back 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.

Sluggish job growth and weak pay raises threaten to drag on consumer spending, which would weaken growth. Consumer spending accounts for 70 percent of economic activity.

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.

Many businesses cut back on restocking last summer fearing that the economy was on the verge of another recession. When it became clear that it wasn't, they raced to rebuild stockpiles and keep pace with consumer demand.

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Stockpiles at the wholesale level account for about 27 percent of total business inventories. Stockpiles held by retailers make up about one-third of the total. Manufacturing inventories represent about 40 percent of the total.

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