

U.S. Business Stockpiles Grew 0.6 Percent In August

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WASHINGTON (AP) — U.S. companies restocked their shelves at a solid pace in August while sales rose for a second straight month. The combination of higher stockpiles and increased sales should help to boost economic growth.

Business inventories grew 0.6 percent in August following a July gain of 0.8 percent that had been the strongest since January, the Commerce Department said Monday. Sales were up 0.5 percent in August following a 0.9 percent rise in July that followed a big drop in June.

Companies typically boost their stockpiles when they anticipate sales will rise in coming months. Faster restocking helps drive economic growth. When businesses order more goods, it typically leads to more factory production.

Total business stockpiles rose to \$1.60 trillion. That is 22.4 percent higher than the low reached in September 2009.

For August, inventories rose 0.6 percent at the manufacturing and retail levels and were up 0.5 percent at wholesale businesses.

The sales increase reflected gains at both the retail and wholesale levels which offset a 0.3 percent drop in sales by manufacturers.

In a separate report Monday, the government said that retail sales rose a strong 1.1 percent in September, a positive sign for the economy as businesses will likely restock in coming months to meet rising demand.

The economy grew at a sub-par annual rate of just 1.3 percent in the April-June quarter and many economists think that growth in the July-September period will be only slightly improved at around 2 percent. Growth at that level is not strong enough to make a sustained improvement in unemployment.

The unemployment rate did drop to 7.8 percent in September, the lowest it has been since January 2009. But some economists are concerned that the rate could start rising again if job growth doesn't improve more.

The Federal Reserve in September announced a number of actions including launching another round of bond purchases aimed at driving interest rates lower and improving economic growth. The Fed said it would keep up its efforts until it saw a substantial improvement in unemployment.

Wholesale stockpiles account for about 27 percent of total business inventories.

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Stockpiles held by retailers make up about one-third of the total and manufacturing inventories represent about 40 percent.

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