

# U.S. Wholesalers Boosted Stockpiles In October

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WASHINGTON (AP) — U.S. wholesale businesses increased their stockpiles in October but their sales fell sharply, a mixed sign for economic growth.

The Commerce Department said Tuesday that stockpiles grew 0.6 percent in October. That's slower than September's 1.1 percent increase, which was the biggest gain in nine months. Sales in October fell 1.2 percent, after rising 1.9 percent in September.

With the October increase, wholesale inventories grew to \$497.1 billion. That's 29.2 percent above the post-recession low hit in September 2009.

More restocking leads to more factory production, which boosts economic growth. Faster restocking was a key reason the economy grew from July through September at an annual rate of 2.7 percent.

Still, slower October sales could force companies to cut back on restocking in coming months. That could hold back growth in the October-December quarter.

Businesses and consumers may be cutting back on spending because they are worried about the "fiscal cliff." That's the name for steep tax increases and government spending cuts that will take effect next year unless Congress and the Obama administration strike a deal before then to avert them.

Consumer spending slowed slightly in the July-September quarter and may show only modest gains in the final three months of the year.

Still, companies kept creating jobs last month at a modest pace. Employers added 146,000 jobs in November. That suggests businesses may not be too nervous about the fiscal cliff. And if a budget deal can be reached to avoid the cliff, most analysts expect hiring and economic growth could accelerate next year.

U.S. automakers had their best sales month in nearly five years in November. The housing market is recovering steadily. And a resolution of the fiscal cliff could lead businesses to buy more industrial machinery and other heavy equipment. That would generate more manufacturing jobs.

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