

Economics Group

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Wholesale Inventories Bounce Back in October

Wholesale inventories rose 1.6 percent in October after a flat September reading. Sales among wholesalers rose 0.9 percent after rising a modest 0.3 percent in September, led by a 3.9 percent jump in auto sales.

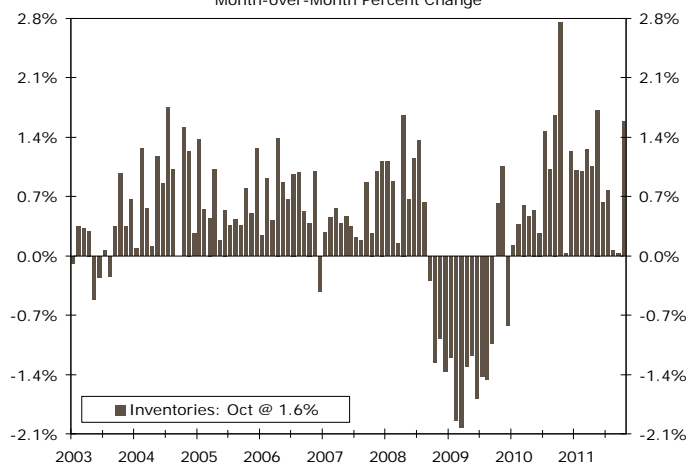
Sales Remain Strong

- Wholesale inventories rose 1.6 percent in October as wholesalers increased inventories of nondurable goods, which rose 2.8 percent for the month.
- Sales rose for the fifth-straight month in October, climbing 0.9 percent. Sales of durable goods fell on the month as the gain in automotive sales was not enough to offset declines in computer sales. Nondurable goods sales rose 1.7 percent.

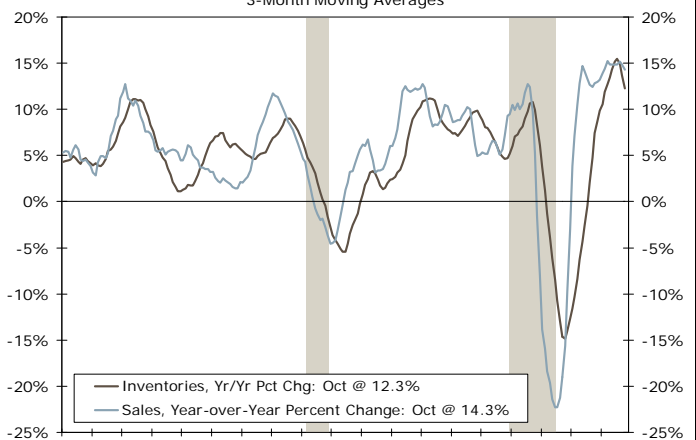
Wholesale Inventory Levels Expand

- The jump in wholesale inventories was a bit surprising; however, it followed strong sales growth. Inventory-to-sales ratios remained relatively stable in October at 1.16 months, suggesting that the current pace of inventory building is consistent with the pace of demand. Today's report does provide some evidence of inventory building in the fourth quarter of the year, but likely not enough to generate a positive contribution to Q4 GDP.

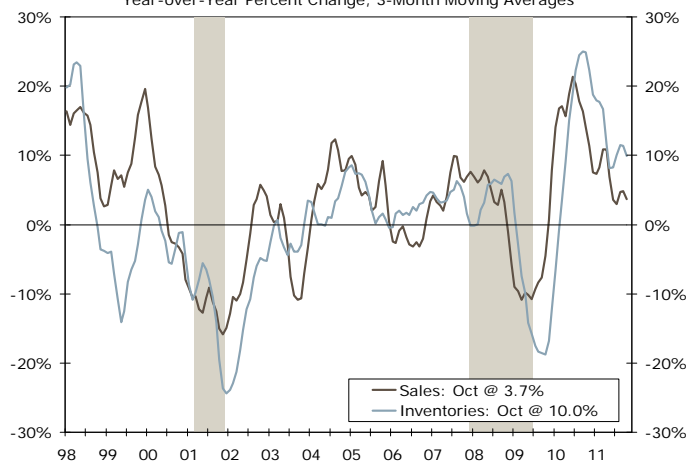
Wholesale Inventories
Month-over-Month Percent Change



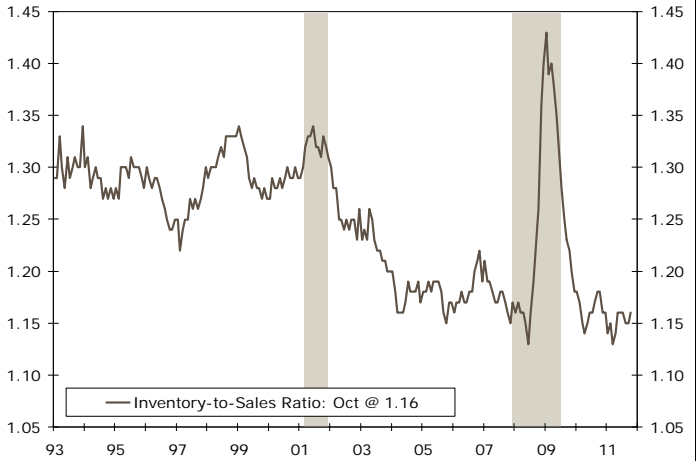
Wholesalers' Inventories & Sales
3-Month Moving Averages



Computer Equipment Sales & Inventories
Year-over-Year Percent Change, 3-Month Moving Averages



Wholesalers' Inventory-to-Sales Ratio



Source: U.S. Department of Commerce and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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