



Economics Group

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Strong Sales and Declining Wholesale Inventories

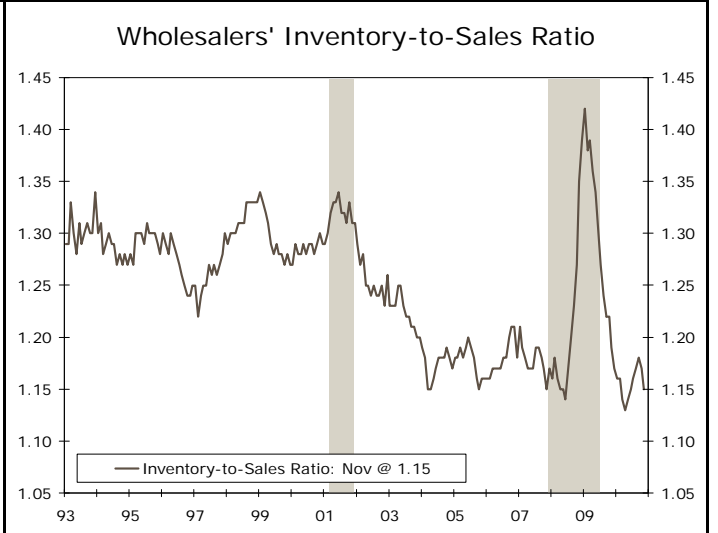
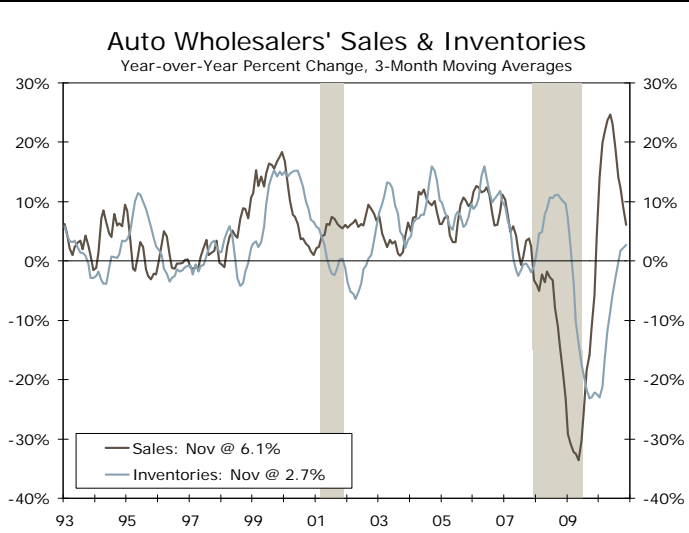
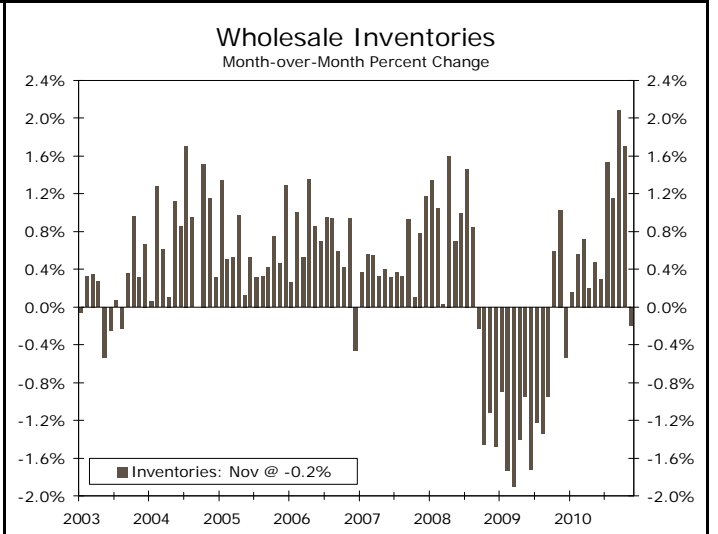
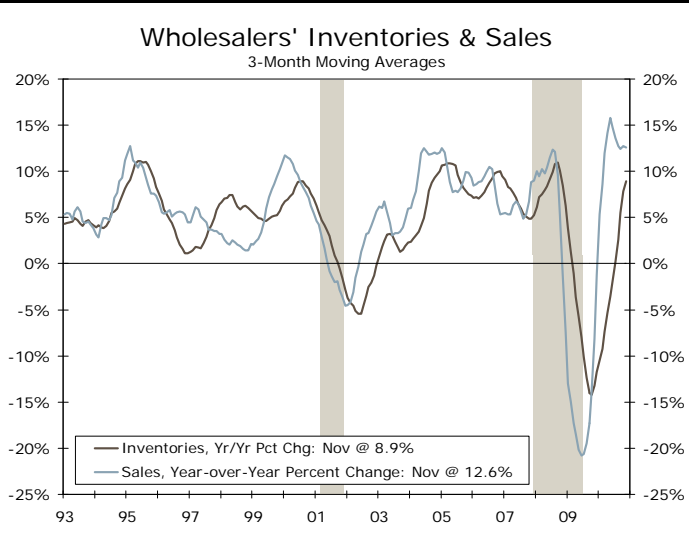
Wholesale inventories unexpectedly declined 0.2 percent in November. Sales at wholesalers jumped 1.9 percent following a strong 2.6 percent increase in October.

Sales at Wholesalers Suggest Strong Demand

- Demand for wholesale goods remained strong in November, suggesting that demand is likely still running ahead of expectations. Sales gains were led by petroleum, up 7.1 percent, drugs, up 3.1 percent, and computers, up 2.5 percent.
- One area of weakness to watch is autos, as wholesale auto sales slipped 3.6 percent in November and auto inventories increased by a rapid 1.9 percent.

Inventories Decline for First Time Since 2009

- The strong sales finish at the end of the year pushed wholesale inventories down 0.2 percent in November, the first decline in inventories since December 2009.
- The inventory-to-sales ratio dropped to 1.15 months from 1.17 months in October. The lack of inventory building and strong sales should allow for continued expansion of new orders and production in the months ahead.



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