



Economics Group

Tim Quinlan, Economist
tim.quinlan@wellsfargo.com • (704) 410-3283
Sarah Watt House, Economist
sarah.house@wellsfargo.com • (704) 410-3282

Inventory Growth Picks Up in April

Business inventories rose 0.6 percent in April, while sales advanced 0.7 percent. With stockpiles rising at a faster pace in April, we are penciling in a boost from inventories to second quarter GDP.

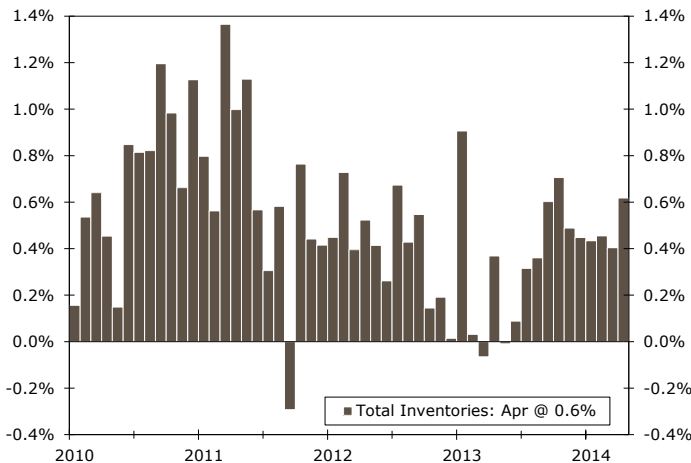
Broad Rise in Inventories

- After advancing at an average monthly rate of 0.4 percent in the first three months of the year, business inventories rose 0.6 percent in April.
- The pickup in inventory building was seen across the major industry segments, but wholesalers posted the largest gain for the second month in a row. Sales have also improved keeping the inventory-to-sales (I-S) ratio stable.

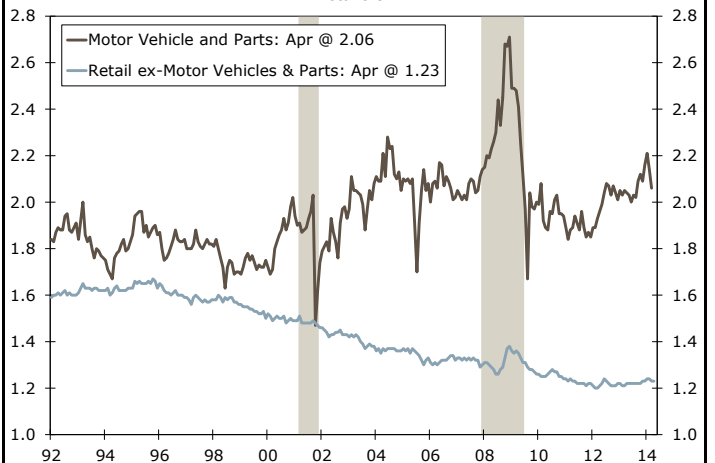
Inventories May Help Q2 GDP

- Stronger auto sales in recent months have helped to stabilize inventories for the industry. A separate report released earlier today, however, showed a meager gain in retail sales ex-auto, which could lead to an unwarranted rise in May.
- After slicing off 1.5 percentage points to first quarter GDP, today's increase suggests that business inventories could provide a modest lift to GDP in the second quarter.

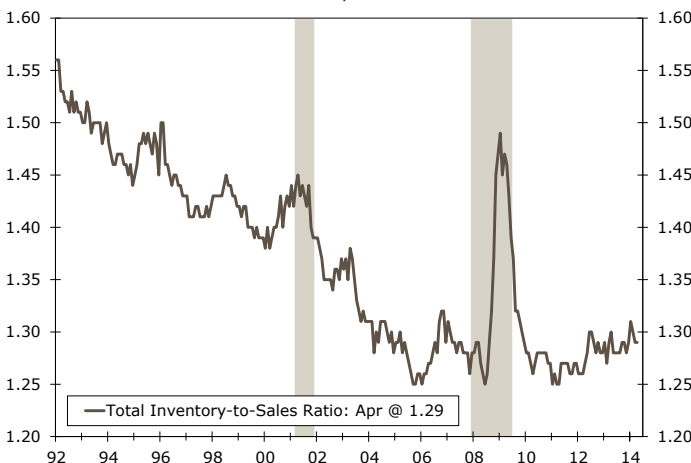
Total Business Inventories
Month-over-Month Percent Change



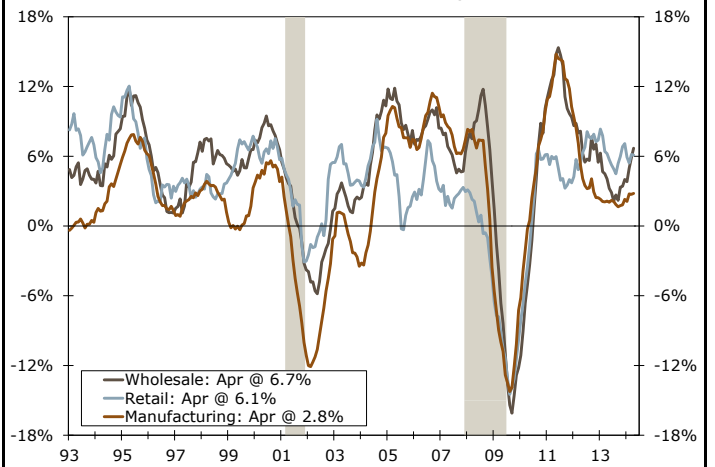
Inventory-to-Sales Ratio
Retailers



Business Inventories
Total Inventory-to-Sales Ratio



Inventories by Industry
Year-over-Year Percent Change



Wells Fargo Securities, LLC Economics Group

Diane Schumaker-Krieg	Global Head of Research, Economics & Strategy	(704) 410-1801 (212) 214-5070	diane.schumaker@wellsfargo.com
John E. Silvia, Ph.D.	Chief Economist	(704) 410-3275	john.silvia@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Jay H. Bryson, Ph.D.	Global Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Currency Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Eugenio J. Alemán, Ph.D.	Senior Economist	(704) 410-3273	eugenio.j.aleman@wellsfargo.com
Anika R. Khan	Senior Economist	(704) 410-3271	anika.khan@wellsfargo.com
Azhar Iqbal	Econometrician	(704) 410-3270	azhar.iqbal@wellsfargo.com
Tim Quinlan	Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Eric Viloría, CFA	Currency Strategist	(212) 214-5637	eric.viloria@wellsfargo.com
Sarah Watt House	Economist	(704) 410-3282	sarah.house@wellsfargo.com
Michael A. Brown	Economist	(704) 410-3278	michael.a.brown@wellsfargo.com
Michael T. Wolf	Economist	(704) 410-3286	michael.t.wolf@wellsfargo.com
Zachary Griffiths	Economic Analyst	(704) 410-3284	zachary.griffiths@wellsfargo.com
Mackenzie Miller	Economic Analyst	(704) 410-3358	mackenzie.miller@wellsfargo.com
Blaire Zachary	Economic Analyst	(704) 410-3359	blaire.a.zachary@wellsfargo.com
Donna Lafleur	Executive Assistant	(704) 410-3279	donna.lafleur@wellsfargo.com
Cyndi Burris	Senior Admin. Assistant	(704) 410-3272	cyndi.burris@wellsfargo.com

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