



# Economics Group

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## Inventories on Track to Boost Q3 GDP

**Business inventories rose 0.7 percent in August, with gains across major industry groups. A similarly sized pickup in sales kept the inventory-to-sales ratio steady, but the auto sector remains an area of concern.**

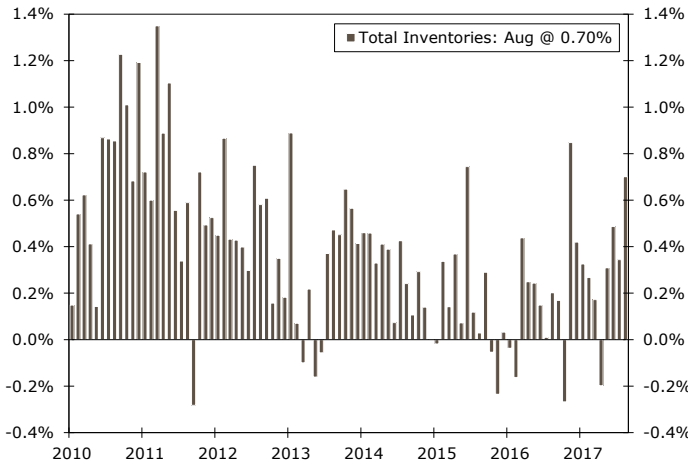
### Inventories Are Up, But So Are Sales

- The pace of inventory building picked up in August with manufacturers, wholesalers and retailers making the biggest additions to stockpiles since last November. Business inventories rose 0.7 percent, matching the gain in sales. That kept the inventory-to-sales ratio steady at 1.38.
- The gain follows a 0.3 percent increase in July and points to inventories providing a sizeable boost to headline GDP in Q3.

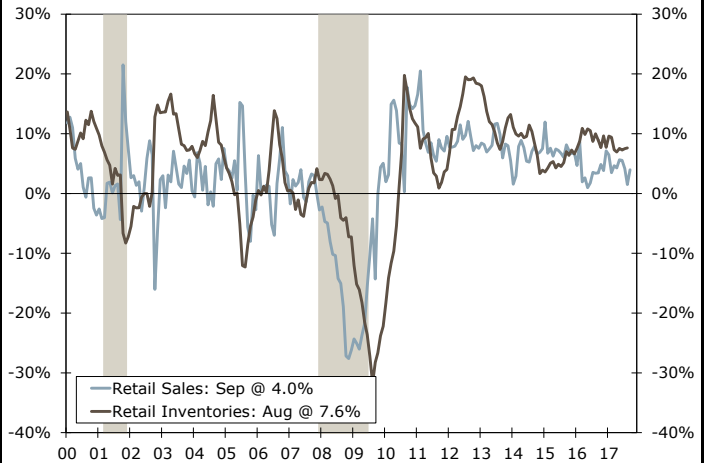
### Are Auto Inventories on a Collision Course?

- Retail inventories rose 0.7 percent last month. The increase was largely driven by a 1.3 percent rise at autos and parts dealers.
- Separately reported data show auto sales surged to a 12-year high in September, so inventories have likely come down more recently. However, inventories have been running ahead of sales for the past year and a half and suggest auto production may still need to be pared back to right-size inventories with sales.

**Total Business Inventories**  
 Month-over-Month Percent Change



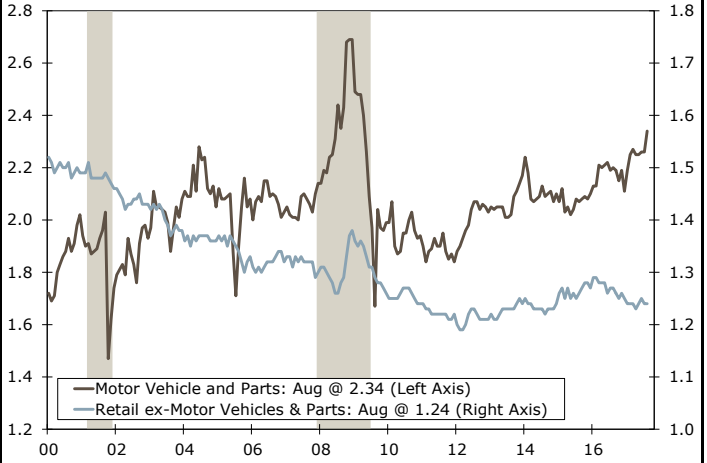
**Motor Vehicle and Parts Dealers**  
 Year-over-Year Percent Change



**Inventory-to-Sales Ratio**  
 For All Manufacturing, Wholesale and Retail Businesses



**Inventory-to-Sales Ratio**  
 Retailers



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