

Economics Group

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Business Inventories Decline In April

Business inventories fell 0.2 percent in April after rising 0.2 percent in March, marking the end of five months of modest gains. Inventories declined in April even though business sales were flat on aggregate.

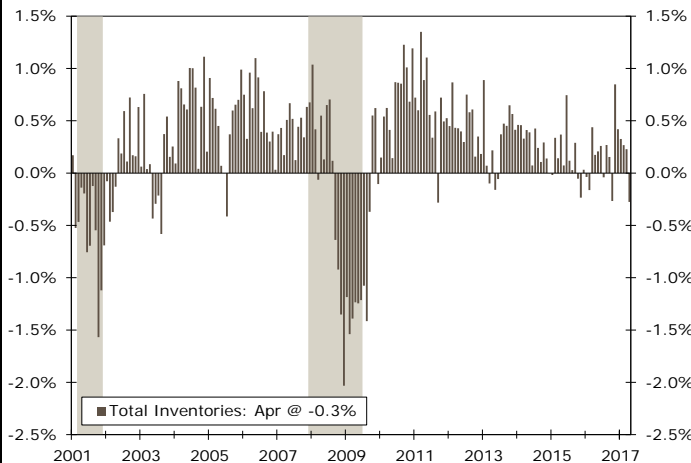
Inventories Fall in April

- Business inventories declined in line with expectations after increasing each month since last October. The reversal was largely on the trade side, with retail inventories down 0.2 percent while wholesalers' inventories declined 0.5 percent. Manufacturers' inventories inched 0.1 percent higher.
- Motor vehicles and parts inventories rose in recent months, as sales had softened.

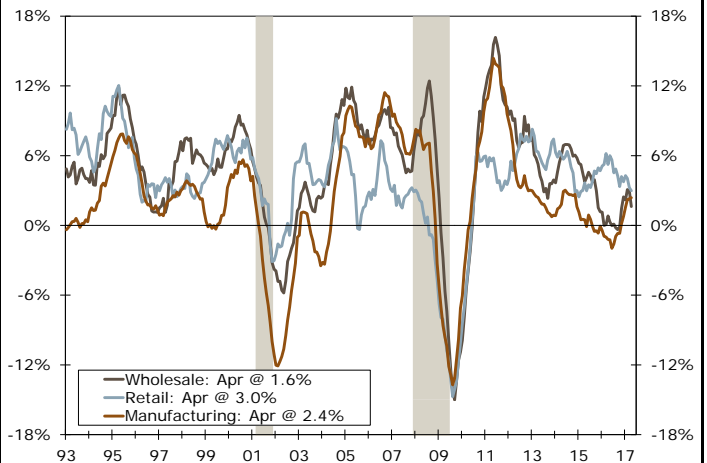
Businesses Steadily Managing Stockrooms

- The total business inventory-to-sales ratio has remained at 1.37 for the past five months, suggesting inventories are roughly keeping pace with slower growing demand. One exception is auto dealers, where inventories fell 0.4 percent in April, perhaps signaling the start of a needed correction.
- Inventories will need to rebound solidly in May and June in order to provide a meaningful boost to Q2 GDP growth.

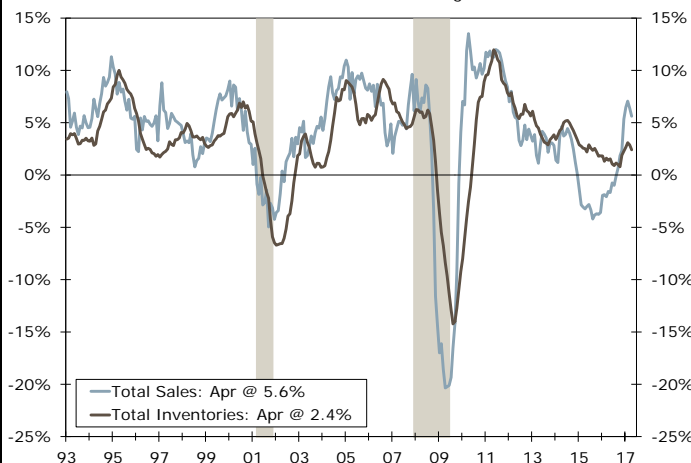
Total Business Inventories
Month-over-Month Percent Change



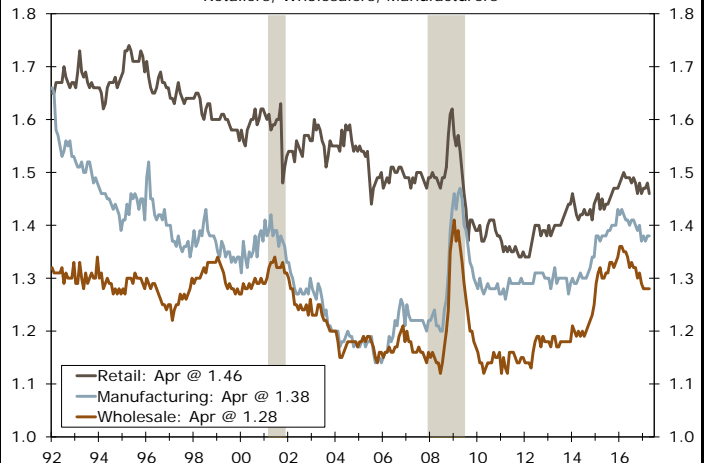
Three Tales of Inventories
Year-over-Year Percent Change



Total Inventories vs. Sales
Year-over-Year Percent Change



Inventory-to-Sales Ratios
Retailers, Wholesalers, Manufacturers



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