Wholesale inventories jump in Oct.

By Martin Crutsinger
Associated Press

WASHINGTON — U.S. wholesale businesses boosted their stockpiles in October by the most in two years as their sales rose sharply — encouraging signs for economic growth in the final three months of the year.

Wholesale stockpiles grew 1.4 percent in October, the Commerce Department reported Tuesday. That's nearly triple the 0.5 percent gain in September and the biggest monthly gain since October 2011. Sales at the wholesale level increased 1 percent in October, the most in five months. Sales rose 0.8 percent in September.

Rising stockpiles boost growth because they mean factories have produced more goods. Robust restocking drove roughly half of the 3.6 percent annualized economic growth in the July-September quarter.

Some economists had predicted that growth would slow in the October-December quarter to an annual rate of 2 percent or less as companies reduced their inventory building in response to slowing demand.

The October increase pushed wholesale stockpiles up to a seasonally adjusted $514.1 billion. That's 3.3 percent higher than the same month last year.

In October, stockpiles held by auto dealers surged 2.7 percent. Automakers reported solid sales in November and are on pace for their best sales year in almost seven years.