Wholesale stockpiles fell in month of June

Associated Press

WASHINGTON — U.S. wholesalers cut their stockpiles in June for a third straight month even as their sales rose again. The combination suggests businesses have underestimated demand, a trend that could lead to stronger economic growth in coming months.

The Commerce Department said Friday that wholesale stockpiles fell 0.2 percent in June from May. That follows a 0.6 percent drop in May — the biggest in 20 months — a modest 0.1 percent decline in April.

Wholesalers haven't shrunk their stockpiles for three months or longer since September 2009, which was three months after the Great Recession ended. The decline shows that many remain cautious and are keeping inventories lean, despite three straight months of solid sales growth.

In June, sales at the wholesale level rose 0.4 percent. That followed a 1.5 percent increase in May and a 0.8 percent gain in April.

Stronger sales could lead to more restocking in the July-September quarter and drive more economic growth. Faster growth in stockpiles means companies are ordering more goods.

In June, stockpiles at the wholesale level were $499.7 billion. That's up only 2.9 percent.