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Wholesale inventories extend decline. Stockpiles at wholesale outlets fell for an 11th consecutive month, dropping by 1.4% (m/m) in July, extending the record decline in inventories since the Commerce Department began collecting data in 1987 [see Daily Chart at <http://gem> or <http://www.worldbank.org/gem>]. On a year-on-year basis inventories were down 12.8% in July, maintaining the sharp downward slope on the depletion that began in September 2008; however, on a seasonally adjusted, annualized basis, the sharp reduction in inventories at wholesalers appears to be reaching a bottom. Some of the decrease in stockpiles is being driven by sales at wholesale outlets which have been rising steadily for 4 months, and were up 0.5% (m/m) in July. At the current level, it would take 1.23 months for sales to deplete inventories completely.

U.S. consumer sentiment improves. Confidence among U.S. consumers rose to 70.2 at the outset of September from 65.7 in August according to the Reuters/University of Michigan index of consumer sentiment. Consumer confidence tumbled over the summer as the wave of bankruptcies among car manufacturers and labor market deterioration dimmed the outlook. The current upswing in consumer sentiment is in likelihood in response to encouraging developments the housing market, and the effects of the fiscal stimulus.

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