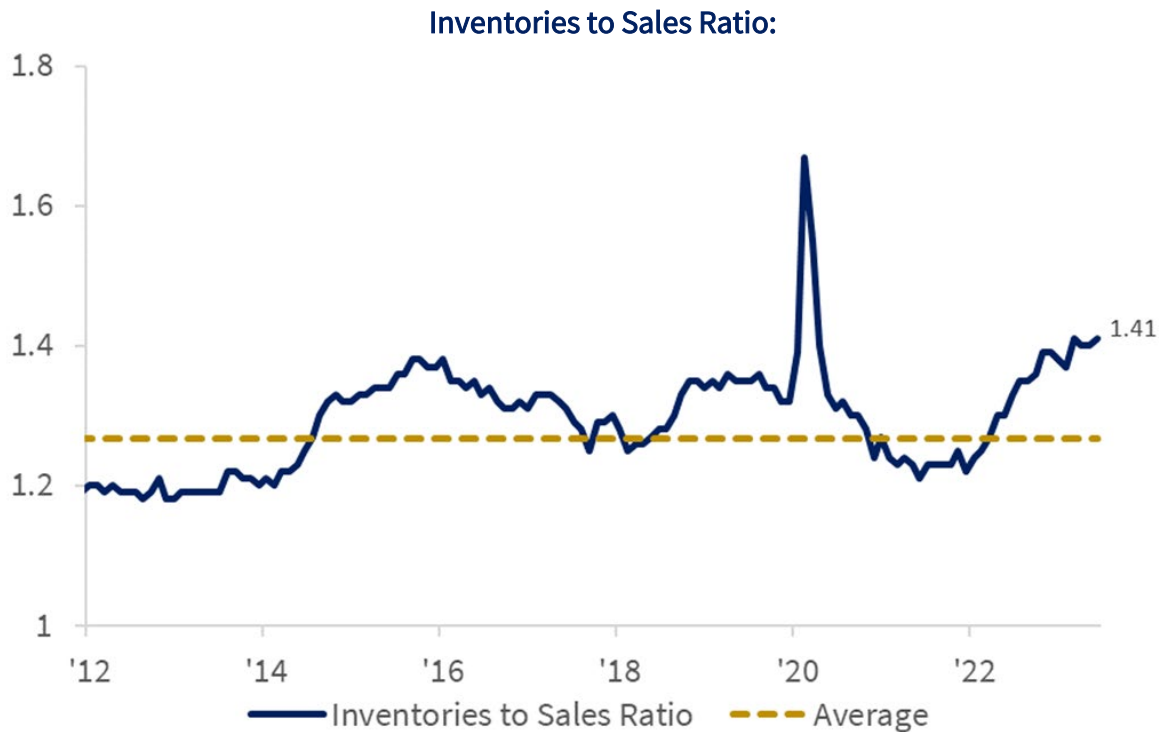


Observations:

The inventories-to-sales ratio for merchant wholesalers has continued to go up during the year and could also be an indication that the US economy has continued to slowdown, and businesses have started to accumulate unwanted inventories.



Bottom Line:

The continuous increase in the inventories to sales ratio in June, to 1.41, shows that wholesalers may be facing larger-than-wanted inventory accumulation. The potential consequences for this are twofold. First, higher inventories to sales could continue to push prices down, which is going to continue to be good news for inflation going forward. Second, the strong accumulation of inventories with respect to sales could be pointing to slowdown in economic activity going forward.

The foregoing information has been obtained from sources considered to be credible, but we do not guarantee that it is accurate or complete, it is not a statement of all available data necessary for making an investment decision, and it does not constitute a recommendation. Any opinions are those of Eric Sams and not necessarily of Raymond James.