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PERSONAL INCOME AND OUTLAYS: JANUARY 2000

Personal income increased \$58.6 billion, or 0.7 percent, and disposable personal income (DPI) increased \$61.4 billion, or 0.9 percent, in January, according to the Commerce Department's Bureau of Economic Analysis. Personal consumption expenditures (PCE) increased \$33.0 billion, or 0.5 percent. In December, personal income increased \$21.0 billion, or 0.3 percent, DPI increased \$10.0 billion, or 0.1 percent, and PCE increased \$68.6 billion, or 1.1 percent, based on revised estimates.

	1999				2000
	Sept.	Oct.	Nov.	Dec.	Jan.
	(Percent change from preceding month)				
Personal income, current dollars	0.1	1.2	0.4	0.3	0.7
Disposable personal income:					
Current dollars	-.2	1.3	.4	.1	.9
Chained (1996) dollars	-.5	1.1	.3	.0	.7
Personal consumption expenditures:					
Current dollars	.5	.5	.8	1.1	.5
Chained (1996) dollars	.2	.3	.7	.9	.3

The January and December changes in personal income were affected by a number of special factors. The January change was boosted by cost-of-living adjustments to federal transfer payment programs, by pay raises for federal civilian and military personnel, and by federal agricultural subsidy payments. The January change was reduced by program changes affecting personal contributions for social insurance and by lump-sum social security benefit payments that had boosted December personal income. The December change was reduced by federal agricultural subsidy payments and by union contract signing bonuses in the manufacturing sector in November. Excluding these special factors, personal income increased \$45.8 billion, or 0.6 percent, in January, and increased \$48.7 billion, or 0.6 percent, in December. These special factors are discussed more fully below.

Wages and salaries

Private wage and salary disbursements increased \$28.5 billion in January, compared with an increase of \$28.3 billion in December. Goods-producing industries' payrolls increased \$11.3 billion, compared with an increase of \$2.0 billion; manufacturing payrolls increased \$5.2 billion, in contrast to a decrease of \$0.5 billion. The December change in manufacturing payrolls reflected in part the pattern of signing bonuses for union employees in the automotive industries, which were \$1.6 billion at an annual rate in November. Distributive industries' payrolls increased \$3.1 billion in January, compared with an increase of \$16.2 billion in December. Service industries' payrolls increased \$14.0 billion, compared with an increase of \$10.2 billion.

Government wage and salary disbursements increased \$9.8 billion, compared with an increase of \$3.3 billion. Pay raises for federal civilian and military personnel added \$6.9 billion to government payrolls in January.

Other personal income

Proprietors' income increased \$5.6 billion in January, in contrast to a decrease of \$18.8 billion in December. Farm proprietors' income increased \$0.3 billion, in contrast to a decrease of \$24.4 billion. The changes in farm proprietors' income reflected the pattern of specially authorized federal farm subsidy payments, which were \$1.6 billion at an annual rate in January, \$0.7 billion at an annual rate in December, and \$25.2 billion at an annual rate in November. Nonfarm proprietors' income increased \$5.3 billion in January, compared with an increase of \$5.6 billion in December.

Rental income of persons decreased \$0.6 billion in January, compared with a decrease of \$4.9 billion in December. The changes in rental income of persons reflected in part the pattern of specially authorized federal agricultural subsidy payments to owners of leased farm land, which were \$0.4 billion in January, \$0.2 billion in December, and \$5.5 billion in November.

Transfer payments increased \$10.4 billion in January, compared with an increase of \$6.7 billion in December. The changes in transfer payments reflected 2.4-percent cost-of-living adjustments to social security benefits and several other federal transfer payment programs, which added \$10.9 billion to January. The January increase in transfer payments was reduced by lump-sum social security benefits payments, which had added \$3.7 billion to December transfer payments; these benefit payments resulted from a recalculation of the earnings base underlying the benefits for recent retirees.

Personal interest income increased \$4.2 billion in January, compared with an increase of \$4.5 billion in December. Personal dividend income increased \$2.3 billion, compared with an increase of \$2.1 billion.

Personal contributions for social insurance -- a subtraction in calculating personal income -- increased \$4.5 billion in January, compared with an increase of \$1.8 billion in December. The January increase reflected the effect of an increase in the social security taxable wage base for employees and the self-employed (from \$72,600 to \$76,200), which added \$2.5 billion to January personal contributions for social insurance.

Personal taxes and disposable personal income

Personal tax and nontax payments decreased \$2.9 billion in January, in contrast to an increase of \$11.1 billion in December. In January, federal income tax payments were reduced by \$5.4 billion, reflecting the provisions of the Taxpayer Relief Act of 1997 and the indexation provisions of current tax law.

Disposable personal income (DPI) -- personal income less personal tax and nontax payments -- increased \$61.4 billion, or 0.9 percent, in January, compared with an increase of \$10.0 billion, or 0.1 percent, in December.

Personal outlays and personal saving

Personal outlays -- PCE, interest paid by persons, and personal transfer payments to the rest of the world (net) -- increased \$35.0 billion in January, compared with an increase of \$70.8 billion in December. PCE increased \$33.0 billion, compared with an increase of \$68.6 billion.

Personal saving -- DPI less personal outlays -- was \$95.9 billion in January, compared with \$69.5 billion in December. Personal saving as a percentage of disposable personal income was 1.4 percent in January, compared with 1.0 percent in December.

Real DPI and real PCE

Real DPI -- DPI adjusted to remove price changes -- increased 0.7 percent in January, in contrast to a slight decrease in December.

Real PCE -- PCE adjusted to remove price changes -- increased 0.3 percent in January, compared with an increase of 0.9 percent in December. Purchases of durable goods increased 0.8 percent, compared with an increase of 1.5 percent. Purchases of motor vehicles and parts accounted for the January increase. Purchases of nondurable goods decreased 0.5 percent in January, in contrast to an increase of 1.6 percent in December. A drop in purchases of food more than accounted for the January decrease. Purchases of services increased 0.6 percent in January, compared with an increase of 0.4 percent in December.

Revisions

Estimates have been revised for October through December. Changes in personal income, current-dollar and chained (1996) dollar DPI, and current-dollar and chained (1996) dollar PCE for November and December -- revised and as published in last month's release -- are shown below. Revisions for October were small.

	Change from preceding month							
	November				December			
	Previous	Revised	Previous	Revised	Previous	Revised	Previous	Revised
	(Dollars)	(Percent)	(Dollars)	(Percent)	(Dollars)	(Percent)	(Dollars)	(Percent)
Personal Income:								
Current dollars....	31.2	31.8	0.4	0.4	25.4	21.0	0.3	0.3
Disposable personal income:								
Current dollars....	25.7	26.3	.4	.4	14.0	10.0	.2	.1
Chained (1996) dollars	17.7	18.0	.3	.3	2.7	-1.5	.0	.0
Personal consumption expenditures:								
Current dollars....	41.5	52.8	.7	.8	51.3	68.6	.8	1.1
Chained (1996) dollars	33.2	43.6	.5	.7	38.7	54.8	.6	.9

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Next release -- Personal Income and Outlays for February will be released on March 31, 2000, at 8:30 A.M. EST.

Table 1. -- Personal Income
[Billions of dollars]

1998	1999	Seasonally adjusted at annual rates				2000	
		1999					
		Aug.	Sep.	Oct. /r/	Nov. /r/	Dec. /r/	Jan. /p/

Personal income	7,358.9	7,791.0	7,840.0	7,848.1	7,941.4	7,973.2	7,994.2	8,052.8
Wage and salary disbursements	4,186.0	4,472.4	4,508.2	4,528.5	4,556.9	4,569.8	4,601.4	4,639.7
Private industries	3,493.2	3,745.9	3,777.6	3,795.6	3,821.2	3,831.4	3,859.7	3,888.2
Goods-producing industries	1,038.7	1,082.4	1,087.3	1,093.6	1,101.4	1,100.3	1,102.3	1,113.6
Manufacturing	757.5	779.7	785.2	788.0	793.7	789.3	788.8	794.0
Distributive industries	944.6	1,005.8	1,013.1	1,017.3	1,018.8	1,021.1	1,037.3	1,040.4
Service industries	1,509.9	1,657.7	1,677.2	1,684.6	1,700.9	1,710.0	1,720.2	1,734.2
Government	692.8	726.5	730.7	732.9	735.7	738.4	741.7	751.5
Other labor income	515.7	535.8	538.6	540.3	541.9	543.7	545.4	548.3
Proprietors' income with IVA and CCAdj	606.1	658.5	657.8	650.6	684.1	694.6	675.8	681.4
Farm	25.1	31.4	21.4	18.0	45.3	46.8	22.4	22.7
Nonfarm	581.0	627.1	636.4	632.5	638.7	647.8	653.4	658.7
Rental income of persons with CCAdj	137.4	145.9	143.6	128.5	148.1	149.0	144.1	143.5
Personal dividend income	348.3	364.3	367.0	369.0	371.1	373.1	375.2	377.5
Personal interest income	897.8	930.5	938.8	945.3	950.8	955.6	960.1	964.3
Transfer payments to persons	983.6	1,018.1	1,022.6	1,023.6	1,027.9	1,027.3	1,034.0	1,044.4
Old-age, survivors, disability, and health insurance benefits	578.1	596.4	599.4	600.8	604.2	602.4	607.4	616.0
Government unemployment insurance benefits	19.8	20.3	20.4	20.1	19.8	20.0	20.4	20.0
Other	385.7	401.4	402.8	402.8	403.9	404.9	406.2	408.3
Less: Personal contributions for social insurance	315.9	334.6	336.6	337.8	339.3	340.0	341.8	346.3

p Preliminary.
r Revised.
IVA Inventory valuation adjustment.
CCAdj Capital consumption adjustment.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 2. -- The Disposition of Personal Income
[Billions of dollars]

	1998	1999	Seasonally adjusted at annual rates						2000
			1999						
			Aug.	Sep.	Oct. /r/	Nov. /r/	Dec. /r/	Jan. /p/	
Personal income	7,358.9	7,791.0	7,840.0	7,848.1	7,941.4	7,973.2	7,994.2	8,052.8	
Less: Personal tax and nontax payments	1,072.6	1,151.9	1,151.0	1,170.7	1,175.8	1,181.3	1,192.4	1,189.5	
Equals: Disposable personal income	6,286.2	6,639.0	6,689.0	6,677.4	6,765.6	6,791.9	6,801.9	6,863.3	
Less: Personal outlays	6,056.6	6,483.5	6,537.7	6,571.0	6,606.5	6,661.6	6,732.4	6,767.4	
Personal consumption expenditures	5,848.6	6,257.3	6,309.9	6,342.2	6,376.1	6,428.9	6,497.5	6,530.5	
Interest paid by persons	185.7	201.7	203.3	204.4	205.3	207.6	209.8	211.8	
Personal transfer payments to the rest of the world (net)	22.3	24.4	24.5	24.5	25.1	25.1	25.1	25.1	
Equals: Personal saving	229.7	155.5	151.4	106.4	159.1	130.3	69.5	95.9	
Addenda:									
Disposable personal income:									
Chained (1996) dollars /1/	6,125.1	6,367.2	6,403.5	6,373.3	6,443.9	6,461.9	6,460.4	6,503.9	
Per capita:									
Current dollars	23,231	24,304	24,455	24,390	24,692	24,769	24,788	24,997	
Chained (1996) dollars	22,636	23,309	23,411	23,280	23,517	23,565	23,544	23,688	
Population (thousands)	270,595	273,161	273,520	273,773	274,005	274,209	274,399	274,562	
Personal saving as a percentage of disposable personal income	3.7	2.3	2.3	1.6	2.4	1.9	1.0	1.4	

p Preliminary.
r Revised.
1. Disposable personal income in chained (1996) dollars equals the current-dollar figure divided by the implicit price deflator for personal consumption expenditures.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 3. -- Personal Income and Its Disposition, Change From Preceding Period
[Billions of dollars]

	1998	1999	Seasonally adjusted at annual rates						2000
			1999						
			Aug.	Sep.	Oct. /r/	Nov. /r/	Dec. /r/	Jan. /p/	
Personal income	407.8	432.1	34.0	8.1	93.3	31.8	21.0	58.6	
Wage and salary disbursements	297.1	286.4	16.8	20.3	28.4	12.9	31.6	38.3	
Private industries	268.8	252.7	13.4	18.0	25.6	10.2	28.3	28.5	
Goods-producing industries	63.2	43.7	-2.5	6.3	7.8	-1.1	2.0	11.3	
Manufacturing	38.7	22.2	-0.8	2.8	5.7	-4.4	-0.5	5.2	

Distributive industries	65.5	61.2	3.3	4.2	1.5	2.3	16.2	3.1
Service industries	140.1	147.8	12.6	7.4	16.3	9.1	10.2	14.0
Government	28.4	33.7	3.5	2.2	2.8	2.7	3.3	9.8
Other labor income	14.8	20.1	1.9	1.7	1.6	1.8	1.7	2.9
Proprietors' income with IVA and CCAdj	27.5	52.4	4.1	-7.2	33.5	10.5	-18.8	5.6
Farm	-4.4	6.3	-2.1	-3.4	27.3	1.5	-24.4	0.3
Nonfarm	31.9	46.1	6.2	-3.9	6.2	9.1	5.6	5.3
Rental income of persons with CCAdj	7.2	8.5	-1.3	-15.1	19.6	0.9	-4.9	-0.6
Personal dividend income	14.9	16.0	2.1	2.0	2.1	2.0	2.1	2.3
Personal interest income	42.9	32.7	6.4	6.5	5.5	4.8	4.5	4.2
Transfer payments to persons	21.2	34.5	4.8	1.0	4.3	-0.6	6.7	10.4
Old-age, survivors, disability, and health insurance benefits	12.3	18.3	2.6	1.4	3.4	-1.8	5.0	8.6
Government unemployment insurance benefits	-0.2	0.5	0.2	-0.3	-0.3	0.2	0.4	-0.4
Other	9.1	15.7	2.0	0.0	1.1	1.0	1.3	2.1
Less: Personal contributions for social insurance	17.8	18.7	0.9	1.2	1.5	0.7	1.8	4.5
Less: Personal tax and nontax payments	104.3	79.3	-8.5	19.7	5.1	5.5	11.1	-2.9
Equals: Disposable personal income	303.4	352.8	42.5	-11.6	88.2	26.3	10.0	61.4
Less: Personal outlays	344.9	426.9	52.0	33.3	35.5	55.1	70.8	35.0
Personal consumption expenditures	324.2	408.7	50.8	32.3	33.9	52.8	68.6	33.0
Interest paid by persons	19.0	16.0	1.2	1.1	0.9	2.3	2.2	2.0
Personal transfer payments to the rest of the world (net)	1.7	2.1	0.0	0.0	0.6	0.0	0.0	0.0
Equals: Personal saving	-41.4	-74.2	-9.4	-45.0	52.7	-28.8	-60.8	26.4
Addendum:								
Disposable personal income, chained (1996) dollars	240.5	242.1	25.7	-30.2	70.6	18.0	-1.5	43.5

p Preliminary.
r Revised.
IVA Inventory valuation adjustment.
CCAdj Capital consumption adjustment.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4. -- Personal Consumption Expenditures by Major Type of Product

	1998	1999	Seasonally adjusted at annual rates					2000
			Aug.	Sep.	Oct. /r/	Nov. /r/	Dec. /r/	
	Billions of current dollars							
Personal consumption expenditures	5,848.6	6,257.3	6,309.9	6,342.2	6,376.1	6,428.9	6,497.5	6,530.5
Durable goods	698.2	758.6	765.7	766.6	767.0	784.9	794.1	799.8
Nondurable goods	1,708.9	1,842.7	1,854.9	1,870.4	1,883.5	1,895.8	1,933.5	1,926.7
Services	3,441.5	3,656.0	3,689.2	3,705.1	3,725.6	3,748.2	3,769.9	3,804.1
	Billions of chained (1996) dollars							
Personal consumption expenditures	5,698.6	6,000.9	6,040.5	6,053.3	6,072.9	6,116.5	6,171.3	6,188.6
Durable goods	731.5	815.7	826.0	826.9	828.8	849.3	861.7	868.9
Nondurable goods	1,685.3	1,775.8	1,782.6	1,783.3	1,792.5	1,805.7	1,833.7	1,824.8
Services	3,284.5	3,417.4	3,440.3	3,451.3	3,459.8	3,471.8	3,487.3	3,506.7
	Implicit price deflators (Index numbers, 1996 = 100)							
Personal consumption expenditures	102.63	104.27	104.46	104.77	104.99	105.11	105.28	105.53
Durable goods	95.45	93.00	92.71	92.71	92.54	92.42	92.15	92.04
Nondurable goods	101.40	103.77	104.06	104.88	105.08	104.99	105.44	105.58
Services	104.78	106.98	107.24	107.35	107.68	107.96	108.10	108.48
	Change From Preceding Period							
	Billions of current dollars							
Personal consumption expenditures	324.2	408.7	50.8	32.3	33.9	52.8	68.6	33.0
Durable goods	55.3	60.4	12.6	0.9	0.4	17.9	9.2	5.7
Nondurable goods	67.2	133.9	18.5	15.5	13.1	12.3	37.7	-6.8
Services	201.7	214.5	19.7	15.9	20.5	22.6	21.7	34.2
	Billions of chained (1996) dollars							
Personal consumption expenditures	264.9	302.3	34.5	12.8	19.6	43.6	54.8	17.3
Durable goods	74.1	84.2	15.2	0.9	1.9	20.5	12.4	7.2
Nondurable goods	65.4	90.5	10.7	0.7	9.2	13.2	28.0	-8.9
Services	127.8	132.9	10.0	11.0	8.5	12.0	15.5	19.4

Table 5.-- Percent Change From Preceding Period in Selected Series
Based on current dollars

Personal income	5.9	5.9	0.4	0.1	1.2	0.4	0.3	0.7
Disposable personal income	5.1	5.6	0.6	-0.2	1.3	0.4	0.1	0.9
Personal consumption expenditures	5.9	7.0	0.8	0.5	0.5	0.8	1.1	0.5
Durable goods	8.6	8.7	1.7	0.1	0.0	2.3	1.2	0.7
Nondurable goods	4.1	7.8	1.0	0.8	0.7	0.7	2.0	-0.4
Services	6.2	6.2	0.5	0.4	0.6	0.6	0.6	0.9

Based on chained (1996) dollars

Disposable personal income	4.1	4.0	0.4	-0.5	1.1	0.3	0.0	0.7
Personal consumption expenditures	4.9	5.3	0.6	0.2	0.3	0.7	0.9	0.3
Durable goods	11.3	11.5	1.9	0.1	0.2	2.5	1.5	0.8
Nondurable goods	4.0	5.4	0.6	0.0	0.5	0.7	1.6	-0.5
Services	4.0	4.0	0.3	0.3	0.2	0.3	0.4	0.6

p Preliminary.

r Revised.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.