

large advance in corporate profits and both private and government wage and salary payments increased substantially. The continued rise in business activity resulted in some gain in non-farm proprietors' income, but farm proprietors' income did not quite match the 1962 total.

On an industry basis, the recent national income gains were centered in the

cyclically volatile commodity producing and handling sectors. Income and output also continued to increase during 1963 in the trend-dominated service-type industries.

Personal income, at \$463 billion in 1963, was up \$21 billion or nearly 5 percent from 1962. Income after taxes increased by \$18 billion to total \$403 billion for the year.

Market Pattern of 1963 Advance

WITH incomes higher and consumers making increased use of credit, personal consumption expenditures rose to \$373 billion, a gain of \$17 1/4 billion or about 5 percent.

Consumer durables up

The increase of nearly \$2 billion in consumer spending on new autos was the major factor in the \$3 1/2 billion or 6 1/2-percent rise of personal consumption expenditures for durable goods. Following a sharp advance early in the fourth quarter of 1962, when the new 1963 models were introduced, car sales continued high throughout 1963. A small dip occurred late in the third

quarter when dealer inventories became low and unbalanced, but, with the introduction of the 1964 models, sales jumped back in the closing quarter to reach their best pace of the year.

Home appliance and furniture demand also increased in 1963, aided in part by the high rate of home building activity during the last 2 years. Advancing strongly in the latter half of 1963, purchases of these items at \$21 billion, was \$1 billion, or 5 1/2 percent over 1962. Sales of other durables continued their slow uptrend of recent years, advancing by about 4 1/2 percent to a total of \$8 billion.

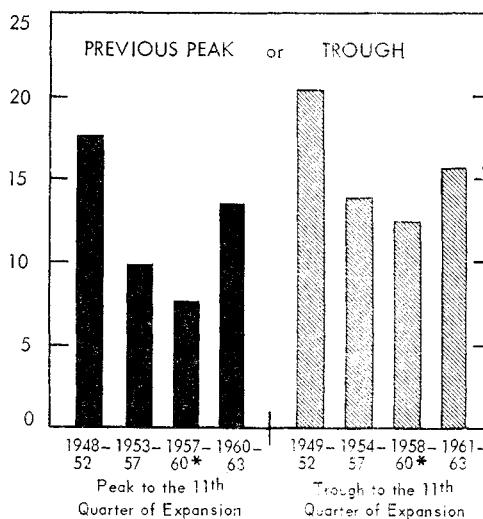
Table 1.—Key Income and Product Data, 1961-63
[Billions of dollars]

	1961	1962	1963	Seasonally adjusted at annual rates				
				1962		1963		
				IV	I	II	III	IV
Gross national product	518.2	554.9	585.0	565.2	571.8	579.6	588.7	600.0
Personal consumption expenditures.....	336.8	355.4	373.2	362.9	367.4	370.4	374.9	380.0
Durable goods.....	43.6	48.2	51.5	50.5	50.6	51.0	50.8	53.5
Nondurable goods.....	155.1	161.4	167.2	163.6	165.3	165.9	168.6	168.8
Services.....	138.0	145.7	154.5	148.9	151.4	153.5	155.5	157.6
Gross private domestic investment.....	69.0	78.8	82.3	78.8	77.8	80.7	83.7	87.0
Residential construction.....	21.0	23.2	25.0	23.7	22.7	24.8	25.9	26.7
Business fixed investment.....	46.0	500.0	52.5	51.1	50.0	51.7	53.6	55.0
Change in business inventories.....	1.9	5.5	4.7	4.0	5.1	4.3	4.2	5.3
Net exports of goods and services.....	4.4	3.8	4.4	3.3	3.6	4.8	4.3	5.0
Government purchases.....	107.9	117.0	125.1	120.2	123.0	123.8	125.7	128.0
Federal.....	57.4	62.4	66.4	63.6	65.5	66.5	66.4	67.7
State and local.....	50.6	54.6	58.8	56.6	57.5	57.3	59.4	61.0
Gross national product in constant (1963) dollars	531.2	563.6	585.0	571.4	575.7	580.8	587.5	595.7
National income	426.1	453.7	478.4	462.2	466.7	474.6	482.0	N.A.
Compensation of employees.....	302.1	322.9	340.4	327.7	332.0	338.7	342.8	347.9
Corporate profits.....	43.8	47.0	51.3	49.3	48.8	50.1	52.2	N.A.
All other.....	80.2	83.8	86.7	85.2	85.9	85.8	87.0	88.0
Personal income	417.4	442.1	463.0	449.9	453.9	459.9	465.2	473.0
Disposable personal income	364.4	384.4	402.6	391.4	394.5	400.0	404.4	411.3
Disposable income in constant (1963) dollars	372.6	389.5	402.6	394.6	396.1	400.4	403.6	409.3

¹ The figures for 1963 and its fourth quarter are based on incomplete data. Final figures in the usual amount of detail will be published in the February SURVEY.

The Current Expansion Has Been Stronger Than the Two Previous Postwar Upturns Whether Measured From:

Percent Increase
in Real GNP



* Through the cyclical peak, 9 qtrs. following the trough.
U.S. Department of Commerce, Office of Business Economics

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Nondurables and services also higher

Nondurable goods expenditures—although fluctuating somewhat erratically during the year—gained nearly \$6 billion to total \$167 billion in 1963. Food buying moved up by about 3 percent; about half of this increase was due to higher prices. There were sizable gains for gasoline and oil and for most other nondurables. Apparel purchases, on the other hand, were only slightly higher.

Consumer expenditures for services, continued to increase, about in line with the long-term growth. At \$154 1/2 billion, consumer services were up by nearly \$9 billion. As in other recent years, these purchases moved up fairly smoothly and the 1963 gains were widespread among the major types of services.

Residential construction up sharply

Residential building moved steadily upward during 1963 to total \$25 billion for the year. This was a gain of \$2 billion, or 8 percent.

A total of more than 1 1/2 million new private nonfarm units were started in 1963, nearly 125,000 or 8 percent above 1962. As in the preceding 2 years, multifamily units have accounted for all of the gain in housing starts. Last year roughly half a million multifamily dwelling units were started, more than