

UNITED STATES DEPARTMENT OF
COMMERCE
NEWS
 WASHINGTON, D.C. 20230

BUREAU OF
 ECONOMIC ANALYSIS

FOR WIRE TRANSMISSION 8:30 A.M. EDT, THURSDAY, SEPTEMBER 19, 1985

Pauline M. Cypert: 523-0832
 523-0810 (Personal Income)

Clinton P. McCully: 523-0836
 523-0819 (Personal Outlays)

BEA 85-48

Personal Income and Outlays, August 1985

Personal income increased \$9.2 billion in August to a seasonally adjusted annual rate of \$3,198.9 billion, according to the Commerce Department's Bureau of Economic Analysis. Personal outlays increased \$32.3 billion to \$2,639.0 billion. In July, personal income increased \$14.0 billion and personal outlays increased \$11.0 billion, based on revised estimates.

	1985		
	June	July	Aug.
	(Percent change from preceding month)		
Personal income, current dollars	0.4	0.4	0.3
Disposable personal income:			
Current dollars	-2.5	.5	.2
Constant dollars	-2.9	.4	--
Personal consumption expenditures:			
Current dollars	.2	.4	1.2
Constant dollars	-.2	.3	--
Implicit price deflator	.4	.1	--

Wages and salaries

Wages and salaries increased \$11.5 billion in August, compared with \$2.2 billion in July. Commodity-producing industries' payrolls increased \$4.0 billion, in contrast to a decline of \$0.7 billion. Distributive industries' payrolls increased \$1.1 billion, compared with a decline of \$0.4 billion. Service industries' payrolls increased \$4.4 billion, compared with an increase of \$1.4 billion. Government wages and salaries increased \$2.0 billion in each month.

Manufacturing payrolls increased \$3.6 billion in August, in contrast to a decline of \$0.2 billion in July. Employment, hours, and earnings all contributed to the August increase.

Nonwage income

Farm proprietors' income declined \$1.2 billion in August, compared with a decline of \$0.5 billion in July. Nonfarm proprietors' income increased \$2.7 billion, compared with \$1.1 billion. Personal interest income declined \$0.9 billion, compared with an increase of \$0.5 billion. Transfer payments declined \$4.4 billion, in contrast to an increase of \$8.2 billion. The large July increase was due to a \$5.4 billion increase (at an annual rate) in retroactive social security benefit payments; these payments largely result from the recalculation by the Social Security Administration of the earnings base underlying benefits for recent retirees. All other nonwage income increased \$2.4 billion, compared with \$2.7 billion.

Personal taxes and disposable personal income

Personal tax and nontax payments increased \$4.3 billion in August, compared with \$1.3 billion in July. Disposable personal income -- personal income less personal tax and nontax payments -- increased \$4.9 billion, compared with \$12.7 billion.

Personal outlays and personal saving

Personal outlays -- personal consumption expenditures, interest paid by consumers to business, and personal transfer payments to foreigners (net) -- increased \$32.3 billion in August, compared with \$11.0 billion in July.

Personal consumption expenditures (PCE) increased \$31.1 billion in August, compared with \$10.0 billion in July. Purchases of durable goods increased \$21.9 billion, compared with \$2.8 billion; the larger increase in August was primarily due to new car purchases. Purchases of nondurable goods increased \$1.7 billion, compared with \$1.8 billion. Purchases of services increased \$7.4 billion, compared with \$5.4 billion.

Personal saving -- disposable personal income less outlays -- was \$74.7 billion in August, compared with \$102.1 billion in July.

Constant-dollar estimates and the PCE implicit price deflator for July

Constant-dollar disposable personal income -- disposable personal income adjusted to remove price changes -- increased \$4.4 billion in July, in contrast to a decline of \$34.9 billion in June. The large decrease in June reflected the return of personal tax and nontax payments to a normal level, following a catchup of federal income tax refunds, which had been delayed in February and March. (Refunds are deducted when calculating personal tax and nontax payments.)

Constant-dollar PCE -- PCE adjusted to remove price changes -- increased \$3.3 billion in July, in contrast to a decline of \$2.3 billion in June. The implicit price deflator for PCE increased 0.1 percent, compared with 0.4 percent.

August estimates of constant-dollar disposable income and PCE, and of the implicit price deflator, will be available in next month's release.

Revisions

Estimates have been revised for April through July. Changes in personal income, personal outlays, and personal saving -- revised and as published in last month's release -- are shown below.

	<u>Change from preceding month</u>							
	<u>Personal income</u>				<u>Personal outlays</u>		<u>Personal saving</u>	
	<u>Previous estimate</u>	<u>Revised</u>	<u>Previous estimate</u>	<u>Revised</u>	<u>Previous estimate</u>	<u>Revised</u>	<u>Previous estimate</u>	<u>Revised</u>
	(Percent)				(Billions of current dollars at annual rates)			
1985:								
April	0.9	0.9	29.9	28.5	32.6	33.2	51.1	48.8
May	-.7	-.7	-21.8	-21.0	18.5	14.1	26.1	30.9
June	.4	.4	11.8	12.0	11.9	6.0	-81.0	-74.0
July	.4	.4	12.7	14.0	11.7	11.0	.4	1.7

Note: Estimates in tables 1, 2, and 4 have been rounded to billions of dollars. Changes calculated from those numbers may differ from changes shown in the release, which are calculated from estimates in millions of dollars.

Details of personal income and outlays for August and other recent periods are shown in the accompanying tables. Additional data appear each month in the Survey of Current Business, a monthly journal of the Bureau of Economic Analysis.

The Survey of Current Business is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. First class mail: annual subscription \$50.00 domestic. Second class mail: annual subscription \$30.00 domestic, \$37.50 foreign; single issue \$4.75 domestic, \$5.95 foreign.

* * *

A comprehensive revision of the national income and product accounts -- of which measures contained in this release are a part -- is underway. All series in the accounts will be revised from 1973 forward; some will be revised for earlier years as well. The revision is scheduled for completion in December 1985.

Table 1. Personal Income
[Billions of dollars]

	1983	1984	Seasonally adjusted at annual rates					
			Mar 85	Apr 85r	May 85r	Jun 85r	Jul 85r	Aug 85p
Personal income.....	2,744.2	3,012.1	3,156.2	3,184.7	3,163.7	3,175.7	3,189.7	3,198.9
Wage and salary disbursements.....	1,659.2	1,804.0	1,894.7	1,903.1	1,908.0	1,920.7	1,923.0	1,934.5
Commodity-producing industries..	519.3	569.3	593.1	593.4	594.1	595.1	594.4	598.4
Manufacturing.....	395.2	433.9	448.9	447.2	447.7	448.8	448.6	452.1
Distributive industries.....	398.6	432.0	452.5	452.3	455.5	459.2	458.8	459.8
Service industries.....	413.1	452.9	481.8	485.3	487.7	494.0	495.4	499.9
Government and government enterprises.....	328.2	349.8	367.3	372.1	370.7	372.4	374.4	376.4
Other labor income.....	173.1	195.5	207.5	208.8	210.2	211.5	212.8	214.1
Proprietors' income with inventory valuation and capital consumption adjustments.....	121.7	154.4	158.5	178.7	151.6	151.7	152.3	153.8
Farm.....	13.8	28.2	22.6	42.1	14.1	14.1	13.6	12.4
Nonfarm.....	107.9	126.2	135.9	136.6	137.5	137.7	138.8	141.5
Rental income of persons with capital consumption adjustment.....	58.3	62.5	64.9	65.6	67.0	67.5	68.6	69.4
Personal dividend income.....	70.3	77.7	81.9	82.3	82.5	82.7	82.9	83.2
Personal interest income.....	376.3	433.7	456.2	454.4	453.0	451.6	452.1	451.2
Transfer payments.....	405.0	416.7	439.6	439.6	439.7	439.1	447.3	442.9
Old-age, survivors, disability, and health insurance benefits..	221.6	237.3	250.4	249.2	250.4	250.0	257.1	252.6
Government unemployment insurance benefits.....	26.1	15.9	17.4	16.7	15.7	15.0	15.4	15.1
Other.....	157.2	163.5	171.8	173.7	173.6	174.1	174.8	175.3
Less: Personal contributions for social insurance.....	119.6	132.5	147.2	147.8	148.3	149.2	149.4	150.2
Addenda:								
Total nonfarm income.....	2,701.1	2,954.3	3,104.4	3,112.1	3,119.1	3,131.1	3,145.7	3,156.1
Total farm income ^{1/}	43.2	57.9	51.7	72.5	44.6	44.6	44.0	42.8

1/ Equals farm proprietors' income, farm wages, farm other labor income, and agricultural net interest.

r = revised p = preliminary

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

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

	1983	1984	Seasonally adjusted at annual rates					
			Mar 85	Apr 85r	May 85r	Jun 85r	Jul 85r	Aug 85p
Personal income.....	2,744.2	3,012.1	3,156.2	3,184.7	3,163.7	3,175.7	3,189.7	3,198.9
Less: Personal tax and nontax payments.....	404.2	435.3	519.1	465.6	399.5	479.5	480.9	485.2
Equals: Disposable personal income..	2,340.1	2,576.8	2,637.1	2,719.1	2,764.1	2,696.1	2,708.8	2,713.7
Less: Personal outlays.....	2,222.0	2,420.7	2,542.5	2,575.7	2,589.8	2,595.8	2,606.8	2,639.0
Personal consumption expenditures.	2,155.9	2,341.8	2,451.1	2,483.0	2,495.6	2,500.4	2,510.4	2,541.5
Interest paid by consumers to business.....	65.1	77.8	89.6	91.2	92.7	93.9	95.0	96.2
Personal transfer payments to foreigners (net).....	1.0	1.2	1.8	1.5	1.5	1.5	1.3	1.3
Equals: Personal saving.....	118.1	156.1	94.6	143.4	174.3	100.4	102.1	74.7
Addenda:								
Disposable personal income:								
Total, billions of 1972 dollars1/..	1,095.4	1,169.0	1,170.7	1,205.4	1,222.7	1,187.8	1,192.2	.....
Per capita:								
Current dollars.....	9,977	10,887	11,073	11,410	11,590	11,297	11,340	11,350
1972 dollars.....	4,670	4,939	4,916	5,058	5,127	4,977	4,991	.....
Population (millions).....	234.5	236.7	238.2	238.3	238.5	238.7	238.9	239.1
Personal saving as percentage of disposable personal income2/.....	5.0	6.1	4.3	5.1	5.1	4.6	3.4	.....

1/ Disposable personal income in 1972 dollars equals the current-dollar figure divided by the implicit price deflator for personal consumption expenditures.

2/ Monthly estimates equal the centered three-month moving average of personal saving as a percentage of the centered three-month moving average of disposable personal income.

r = revised p = preliminary

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

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

	1983	1984	Seasonally adjusted at annual rates					
			Mar 85	Apr 85r	May 85r	Jun 85r	Jul 85r	Aug 85p
Personal income.....	159.6	267.9	10.2	28.5	-21.0	12.0	14.0	9.2
Wage and salary disbursements.....	90.5	144.8	13.8	8.4	4.9	12.7	2.2	11.5
Other labor income.....	17.5	22.5	1.2	1.3	1.4	1.3	1.3	1.3
Proprietors' income with inventory valuation and capital consumption adjustments.....	10.6	32.7	-3.8	20.2	-27.1	.1	.6	1.5
Farm.....	-8.1	14.4	-5.6	19.5	-28.0	-.1	-.5	-1.2
Nonfarm.....	18.7	18.3	1.8	.7	.9	.2	1.1	2.7
Rental income of persons with capital consumption adjustment.....	6.8	4.2	.2	.6	1.4	.5	1.1	.8
Personal dividend income.....	3.8	7.5	.5	.3	.2	.2	.2	.2
Personal interest income.....	9.8	57.4	.1	-1.8	-1.4	-1.4	.5	.9
Transfer payments.....	28.9	11.8	-.8	.0	.0	-.5	8.2	-4.4
Less: Personal contributions for social insurance.....	8.3	12.9	.9	.6	.5	1.0	.1	.8
Less: Personal tax and nontax payments.....	.1	31.1	28.7	-53.6	-66.0	80.0	1.3	4.3
Equals: Disposable personal income..	159.5	236.8	-18.5	82.0	45.0	-68.0	12.7	4.9
Less: Personal outlays.....	177.5	198.7	-2.8	33.2	14.1	6.0	11.0	32.3
Equals: Personal saving.....	-17.9	38.0	-15.7	48.8	30.9	-74.0	1.7	-27.4
Addendum:								
Disposable personal income, billions of 1972 dollars.....	37.1	73.6	-11.5	34.7	17.3	-34.9	4.4	.....

r = revised p = preliminary

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

Table 4. Personal Consumption Expenditures by Major Type of Product

	1983	1984	Seasonally adjusted at annual rates					Aug 85p
			Mar 85	Apr 85r	May 85r	Jun 85r	Jul 85r	
Billions of current dollars								
Personal consumption expenditures...	2,155.9	2,341.8	2,451.1	2,483.0	2,495.6	2,500.4	2,510.4	2,541.5
Durable goods.....	279.8	318.8	334.7	341.0	342.7	333.9	336.7	358.6
Nondurable goods.....	801.7	856.9	877.1	894.1	891.2	890.4	892.2	893.9
Services.....	1,074.4	1,165.2	1,239.3	1,247.9	1,261.8	1,276.1	1,281.6	1,288.9
Billions of constant (1972) dollars								
Personal consumption expenditures...	1,009.2	1,062.4	1,088.2	1,100.7	1,103.9	1,101.6	1,104.9	.....
Durable goods.....	157.5	178.1	186.5	190.3	192.2	187.8	189.4	.....
Nondurable goods.....	376.3	393.6	397.8	404.4	403.0	402.3	403.3	.....
Services.....	475.4	490.8	503.9	506.1	508.7	511.4	512.1	.....
Implicit price deflators (Index numbers, 1972=100)								
Personal consumption expenditures...	213.6	220.4	225.3	225.6	226.1	227.0	227.2	.....
Durable goods.....	177.7	179.0	179.5	179.2	178.3	177.8	177.7	.....
Nondurable goods.....	213.0	217.7	220.5	221.1	221.1	221.3	221.2	.....
Services.....	226.0	237.6	246.0	246.6	248.0	249.5	250.2	.....
Change from preceding period								
Billions of current dollars								
Personal consumption expenditures...	171.0	185.9	-4.6	31.9	12.6	4.9	10.0	31.1
Durable goods.....	34.7	38.9	-3.3	6.3	1.7	-8.8	2.8	21.9
Nondurable goods.....	44.2	55.2	-2.3	17.0	-2.9	-8	1.8	1.7
Services.....	92.2	91.8	1.0	8.6	13.8	14.4	5.4	7.4
Billions of constant (1972) dollars								
Personal consumption expenditures...	45.9	53.2	-5.1	12.6	3.2	-2.3	3.3	.....
Durable goods.....	17.0	20.6	-1.7	3.8	2.0	-4.4	1.7	.....
Nondurable goods.....	13.2	17.2	-2.5	6.6	-1.4	-6	1.0	.....
Services.....	15.6	15.4	-0.9	2.2	2.6	2.7	.7	.....

r = revised p = preliminary

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