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 523-0810 (Personal Income)

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 523-0819 (Personal Outlays)

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PERSONAL INCOME AND OUTLAYS: JANUARY 1986

Personal income declined \$2.8 billion in January to a seasonally adjusted annual rate of \$3,382.7 billion, according to the Commerce Department's Bureau of Economic Analysis. Personal outlays declined \$9.6 billion to \$2,764.5 billion. In December, personal income increased \$38.9 billion and personal outlays increased \$56.8 billion, based on revised estimates.

In January and December, personal income was affected by several special factors. Cost-of-living adjustments to several federal pension and income-support programs, and increases in tax rates and the taxable wage base for Social Security contributions affected the January change; a pay raise for military personnel and subsidy payments to farmers affected both the January change and the December change; and severe flooding in November in several eastern states affected the December change. Excluding these special factors, which are discussed later in the release, personal income increased \$6.8 billion, or 0.2 percent, in January and \$22.3 billion, or 0.7 percent, in December.

	<u>1985</u>		<u>1986</u>
	<u>Nov.</u>	<u>Dec.</u>	<u>Jan.</u>
	(Percent change from preceding month)		
Personal income, current dollars	0.5	1.2	-0.1
Disposable personal income:			
Current dollars	.5	1.2	.2
Constant dollars	-.1	.9	--
Personal consumption expenditures:			
Current dollars	.7	2.1	-.4
Constant dollars	.2	1.8	--

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Wages and salaries

Private wages and salaries increased \$6.5 billion in January, compared with \$15.2 billion in December. Commodity-producing industries' payrolls increased \$1.8 billion, compared with \$6.3 billion. Distributive industries' payrolls increased \$1.9 billion in both months. Service industries' payrolls increased \$2.7 billion, compared with \$7.1 billion.

Government wages and salaries increased \$0.2 billion in January, compared with \$2.7 billion in December. The January and December changes reflected retroactive payments in December and November for a military pay raise. These payments, which were for service in October, were \$1.5 billion and \$0.6 billion (at an annual rate) in December and November, respectively. Excluding the effect of these payments, government wages and salaries increased \$1.7 billion in January and \$1.8 billion in December.

Manufacturing payrolls declined \$1.1 billion in January, in contrast to an increase of \$4.6 billion in December. Average weekly hours and average hourly earnings declined. Employment increased slightly.

Nonwage income

Farm proprietors' income declined \$16.3 billion in January, in contrast to an increase of \$13.1 billion in December. The large decline in January and the large increase in December were mainly due to subsidy payments. Excluding subsidy payments, farm proprietors' income declined \$5.3 billion in January and increased \$1.7 billion in December.

Transfer payments increased \$8.2 billion in January, compared with \$1.1 billion in December. The large increase in January was due to cost-of-living adjustments to Social Security benefits and other transfer payments, which added \$6.4 billion (at an annual rate) to January personal income.

Rental income increased \$0.3 billion, compared with \$3.8 billion. The large December increase reflected a return to normal levels, after severe flooding in several eastern states lowered rental income in November.

Nonfarm proprietors' income increased \$0.2 billion in January, compared with \$1.8 billion in December. Personal interest income increased \$0.5 billion, compared with \$1.2 billion. All other nonwage income increased \$1.7 billion, compared with \$1.1 billion.

Personal contributions for social insurance -- which is deducted when calculating personal income -- increased \$4.1 billion in January, compared with \$1.2 billion in December. Increases in Social Security tax rates and an increase in the taxable wage base from \$39,600 to \$42,000 accounted for \$3.5 billion (at an annual rate) of the January increase.

Personal taxes and disposable personal income

Personal tax and nontax payments declined \$8.3 billion in January, in contrast to an increase of \$4.1 billion in December. About \$7.2 billion of the January decline was attributable to the indexing provision of the Economic Recovery Tax Act of 1981. Disposable personal income -- personal income less

personal tax and nontax payments -- increased \$5.4 billion, compared with \$34.8 billion. Excluding the special factors that affected personal income discussed earlier and the impact of indexing on taxes, disposable personal income increased \$7.9 billion in January and \$18.2 billion in December.

Personal outlays and personal saving

Personal outlays -- personal consumption expenditures, interest paid by consumers to business, and personal transfer payments to foreigners (net) -- declined \$9.6 billion in January, in contrast to an increase of \$56.8 billion in December.

Personal consumption expenditures (PCE) declined \$10.6 billion in January, in contrast to an increase of \$55.9 billion in December. Purchases of durable goods declined \$2.3 billion, in contrast to an increase of \$24.8 billion; most of the December increase was due to motor vehicle purchases, which changed little in January. Purchases of nondurable goods declined \$4.3 billion, in contrast to an increase of \$9.1 billion. Purchases of services declined \$3.9 billion, in contrast to an increase of \$21.8 billion

Personal saving -- disposable personal income less outlays -- was \$114.1 billion in January, compared with \$99.1 billion in December.

Constant-dollar estimates for December

Constant-dollar disposable personal income -- disposable personal income adjusted to remove price changes -- increased \$21.6 billion in December, in contrast to a decline of \$1.4 billion in November.

Constant-dollar PCE -- PCE adjusted to remove price changes -- increased \$40.8 billion in December, compared with \$4.8 billion in November.

January estimates of constant-dollar disposable income and PCE will be available in next month's release.

Revisions

Estimates have been revised for October through December. 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>
	<u>(Percent)</u>		<u>(Billions of current dollars at annual rates)</u>					
1985:								
Oct.	0.6	0.6	20.8	20.1	-32.3	-32.4	50.4	50.4
Nov.	.5	.5	16.7	16.6	19.8	19.8	-7.5	-6.8
Dec.	1.4	1.2	46.6	38.9	55.1	56.8	-14.2	-21.9

Details of personal income and outlays for January 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.

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Four telephone lines carry short recorded messages providing BEA estimates immediately upon their release, usually at 8:30 AM Eastern time:

(202)-898-2450 Leading indicators
2451 Gross national product
2452 Personal income and outlay
2453 The most recently released of the following quarterly series:
Merchandise trade, balance of payments basis, or
Summary of international transactions, or
Plant and equipment expenditures

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Next release date for Personal Income and Outlays is March 20.

Table 1. Personal Income
[Billions of dollars]

	1984	1985	Seasonally adjusted at annual rates					
			Aug 85	Sep 85	Oct 85r	Nov 85r	Dec 85r	Jan 86p
Personal income.....	3,111.9	3,293.4	3,295.5	3,309.9	3,330.0	3,346.6	3,385.5	3,382.7
Wage and salary disbursements.....	1,834.9	1,960.5	1,969.3	1,981.2	1,991.5	2,003.6	2,021.5	2,028.2
Commodity-producing industries..	577.9	607.3	608.0	609.9	614.8	614.7	621.0	622.8
Manufacturing.....	438.9	457.6	457.6	458.3	463.2	463.1	467.7	466.6
Distributive industries.....	441.6	468.7	470.6	473.9	473.9	476.8	478.7	480.6
Service industries.....	469.4	513.6	518.0	523.1	526.9	531.8	538.9	541.6
Government and government enterprises.....	346.1	370.8	372.7	374.3	375.8	380.3	383.0	383.2
Other labor income.....	193.4	206.4	208.5	209.5	210.5	211.5	212.4	213.3
Proprietors' income with inventory valuation and capital consumption adjustments.....	233.7	242.3	236.4	241.7	244.1	247.3	262.2	246.1
Farm.....	32.1	21.3	11.6	12.9	16.9	20.6	33.7	17.4
Nonfarm.....	201.6	220.9	224.8	228.9	227.2	226.7	228.5	228.7
Rental income of persons with capital consumption adjustment.....	10.8	14.0	16.2	11.7	16.9	14.7	18.5	18.8
Personal dividend income.....	74.6	78.9	79.1	79.2	79.4	79.9	80.1	80.9
Personal interest income.....	442.2	456.0	449.8	448.6	449.0	450.1	451.3	451.8
Transfer payments.....	454.7	484.5	486.0	488.4	489.8	491.4	492.5	500.7
Old-age, survivors, disability, and health insurance benefits..	235.7	253.4	254.9	256.1	256.6	257.4	257.5	263.8
Government unemployment insurance benefits.....	15.8	15.5	14.6	14.6	14.8	14.7	15.0	15.3
Other.....	203.2	215.6	216.5	217.7	218.4	219.3	220.1	221.5
Less: Personal contributions for social insurance.....	132.4	149.1	149.7	150.4	151.1	151.9	153.1	157.2
Addenda:								
Total nonfarm income.....	3,053.3	3,245.9	3,258.1	3,271.2	3,287.3	3,300.0	3,325.8	3,339.2
Total farm income ^{1/}	58.7	47.4	37.4	38.6	42.8	46.5	59.7	43.5

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]

	1984	1985	Seasonally adjusted at annual rates					Jan 86p
			Aug 85	Sep 85	Oct 85r	Nov 85r	Dec 85r	
Personal income.....	3,111.9	3,293.4	3,295.5	3,309.9	3,330.0	3,346.6	3,385.5	3,382.7
Less: Personal tax and nontax payments.....	441.8	492.7	498.0	502.6	504.8	508.2	512.3	504.0
Equals: Disposable personal income..	2,670.2	2,800.7	2,797.5	2,807.3	2,825.2	2,838.4	2,873.2	2,878.6
Less: Personal outlays.....	2,497.7	2,671.6	2,697.4	2,729.9	2,697.5	2,717.3	2,774.1	2,764.5
Personal consumption expenditures.....	2,423.0	2,582.1	2,606.2	2,636.6	2,602.7	2,621.7	2,677.6	2,667.0
Interest paid by consumers to business.....	73.3	87.4	89.0	91.0	92.7	93.6	94.5	95.4
Personal transfer payments to foreigners (net).....	1.3	2.1	2.2	2.2	2.1	2.1	2.1	2.1
Equals: Personal saving.....	172.5	129.1	100.1	77.4	127.8	121.0	99.1	114.1
Addenda:								
Disposable personal income:								
Total, billions of 1982 dollars ^{1/} ..	2,468.4	2,508.8	2,501.4	2,504.2	2,511.3	2,509.9	2,531.5	.....
Per capita:								
Current dollars.....	11,263	11,703	11,675	11,706	11,771	11,816	11,953	11,967
1982 dollars.....	10,412	10,484	10,440	10,442	10,463	10,449	10,531	.....
Population (millions).....	237.1	239.3	239.6	239.8	240.0	240.2	240.4	240.5
Personal saving as percentage of disposable personal income ^{2/}	6.5	4.6	3.7	3.6	3.9	4.1	3.9	.....

1/ Disposable personal income in 1982 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]

	1984	1985	Seasonally adjusted at annual rates					Jan 86p
			Aug 85	Sep 85	Oct 85r	Nov 85r	Dec 85r	
Personal income.....	275.5	181.5	5.5	14.4	20.1	16.6	38.9	-2.8
Wage and salary disbursements.....	159.1	125.6	9.5	11.9	10.3	12.1	17.9	6.7
Other labor income.....	13.9	13.0	1.2	1.0	1.0	1.0	.9	.9
Proprietors' income with inventory valuation and capital consumption adjustments.....	41.4	8.6	2.2	5.3	2.4	3.2	14.9	-16.1
Farm.....	17.8	-10.8	-6	1.3	4.0	3.7	13.1	-16.3
Nonfarm.....	23.6	19.3	2.7	4.1	-1.7	-0.5	1.8	.2
Rental income of persons with capital consumption adjustment.....	-2.0	3.2	.7	-4.5	5.2	-2.2	3.8	.3
Personal dividend income.....	6.6	4.3	.2	.1	.2	.5	.2	.8
Personal interest income.....	56.5	13.8	-3.5	-1.2	.4	1.1	1.2	.5
Transfer payments.....	12.5	29.8	-4.0	2.4	1.4	1.6	1.1	8.2
Less: Personal contributions for social insurance.....	12.6	16.7	.6	.7	.7	.8	1.2	4.1
Less: Personal tax and nontax payments.....	30.7	50.9	3.9	4.6	2.2	3.4	4.1	-8.3
Equals: Disposable personal income..	244.8	130.5	1.6	9.8	17.9	13.2	34.8	5.4
Less: Personal outlays.....	205.5	173.9	31.8	32.5	-32.4	19.8	56.8	-9.6
Equals: Personal saving.....	39.3	-43.4	-30.2	-22.7	50.4	-6.8	-21.9	15.0
Addendum:								
Disposable personal income, billions of 1982 dollars.....	133.8	40.5	-2.6	2.8	7.1	-1.4	21.6	.....

r = revised p = preliminary

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

Table 4. Personal Consumption Expenditures by Major Type of Product

	1984	1985	Seasonally adjusted at annual rates					Jan 86p
			Aug 85	Sep 85	Oct 85r	Nov 85r	Dec 85r	
Billions of current dollars								
Personal consumption expenditures...	2,423.0	2,582.1	2,606.2	2,636.6	2,602.7	2,621.7	2,677.6	2,667.0
Durable goods.....	331.1	361.1	378.3	394.3	348.2	354.0	378.8	376.5
Nondurable goods.....	872.4	912.3	912.9	921.6	926.0	925.3	934.4	930.1
Services.....	1,219.6	1,308.8	1,315.0	1,320.7	1,328.5	1,342.5	1,364.3	1,360.4
Billions of constant (1982) dollars								
Personal consumption expenditures...	2,239.9	2,313.0	2,330.3	2,351.9	2,313.5	2,318.3	2,359.1	.....
Durable goods.....	318.6	345.0	360.9	376.8	335.2	339.6	361.6	.....
Nondurable goods.....	828.0	847.0	849.2	854.7	854.9	847.9	851.2	.....
Services.....	1,093.3	1,121.0	1,120.2	1,120.4	1,123.5	1,130.7	1,146.3	.....
Implicit price deflators (Index numbers, 1982 = 100)								
Personal consumption expenditures...	108.2	111.6	111.8	112.1	112.5	113.1	113.5	.....
Durable goods.....	103.9	104.7	104.8	104.6	103.9	104.2	104.8	.....
Nondurable goods.....	105.4	107.7	107.5	107.8	108.3	109.1	109.8	.....
Services.....	111.5	116.7	117.4	117.9	118.3	118.7	119.0	.....
Change from preceding period								
Billions of current dollars								
Personal consumption expenditures...	193.7	159.1	30.7	30.4	-33.9	19.0	55.9	-10.6
Durable goods.....	41.5	30.0	23.0	16.0	-46.1	5.8	24.8	-2.3
Nondurable goods.....	55.4	39.9	3.7	8.7	4.4	-7.7	9.1	-4.3
Services.....	96.9	89.2	4.0	5.7	7.8	14.0	21.8	-3.9
Billions of constant (1982) dollars								
Personal consumption expenditures...	94.0	73.1	23.7	21.6	-38.4	4.8	40.8	.....
Durable goods.....	35.0	26.4	20.7	15.9	-41.6	4.4	22.0	.....
Nondurable goods.....	27.3	19.0	3.6	5.5	.2	-7.0	3.3	.....
Services.....	31.6	27.7	-0.5	.2	3.1	7.2	15.6	.....

r = revised p = preliminary

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