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## PERSONAL INCOME AND OUTLAYS: FEBRUARY 1988

Personal income increased \$33.9 billion in February to a seasonally adjusted annual rate of \$3,913.6 billion, according to the Commerce Department's Bureau of Economic Analysis. Personal outlays increased \$22.4 billion to \$3,166.1 billion. In January, personal income increased \$10.6 billion and personal outlays increased \$4.4 billion, based on revised estimates.

	1987		1988	
	Dec.	Jan.	Jan.	Feb.
	(Percent change from preceding month)			
Personal income, current dollars.....	0.8	0.3	0.3	0.9
Disposable personal income:				
Current dollars.....	.7	.6	.6	1.1
Constant dollars.....	.7	.3	.3	--
Personal consumption expenditures:				
Current dollars.....	.8	.1	.1	.7
Constant dollars.....	.8	-.1	-.1	--
Implicit price deflator.....	0	.3	.3	--

NOTE.--Monthly estimates are expressed, unless otherwise specified, at seasonally adjusted annual rates. Month-to-month dollar changes are differences between these rates; month-to-month percent changes are not annualized. Constant-dollar estimates are in 1982 dollars.

In February and January, personal income was affected by several special factors: subsidy payments to farmers affected both the February and January change; cost-of-living adjustments in several transfer payment programs and changes in social insurance programs affected the January change. Excluding these special factors, which are discussed later in the release, personal income increased \$25.2 billion, or 0.7 percent, in February and \$18.0 billion, or 0.5 percent, in January.

#### Wages and salaries

Wages and salaries increased \$15.4 billion in February, compared with \$13.3 billion in January. Commodity-producing industries' payrolls increased \$3.1 billion, compared with \$1.5 billion. Manufacturing payrolls increased \$1.2 billion, compared with \$1.6 billion. Distributive industries' payrolls increased \$3.1 billion, compared with \$3.9 billion. Service industries' payrolls increased \$7.1 billion, compared with \$5.2 billion. Government wages and salaries increased \$2.1 billion, compared with \$2.6 billion.

#### Nonwage income

Farm proprietors' income increased \$8.5 billion in February, in contrast to a decrease of \$8.2 billion in January. The February increase and the January decrease were due to federal subsidy payments to farm proprietors. Excluding subsidy payments, farm proprietors' income decreased \$0.2 billion in February, in contrast to an increase of \$1.2 billion in January.

Transfer payments increased \$1.2 billion in February, compared with an increase of \$13.4 billion in January. The large increase in January was due to a 4.2-percent cost-of-living adjustment to social security benefits and other transfer payments and to an increase in the eligibility level and the maximum payments for the earned income credit. These changes added \$12.8 billion (at an annual rate) to January personal income.

Nonfarm proprietors' income increased \$3.3 billion in February, compared with an increase of \$1.3 billion in January. Personal interest income increased \$4.4 billion, compared with \$4.6 billion. All other nonwage income increased \$2.2 billion, compared with \$1.6 billion.

Personal contributions for social insurance -- which is deducted when calculating personal income -- increased \$1.1 billion in February, compared with an increase of \$15.4 billion in January. Three program changes -- an increase in social security tax rates from 7.15 percent to 7.51 percent; an increase in the taxable wage base from \$43,800 to \$45,000; and an increase in the monthly premium for supplementary medical insurance from \$17.90 to \$24.80 -- added \$10.8 billion (at an annual rate) to the January increase.

### Personal taxes and disposable personal income

Personal tax and nontax payments decreased \$3.2 billion in February, compared with a decrease of \$8.6 billion in January. The decreases in both months were attributable to the Tax Reform Act of 1986. In January, a large reduction in federal withheld income taxes, which resulted from the use of new Internal Revenue Service graduated tax tables for calculating withholding, was partly offset by an increase in nonwithheld income tax payments. The February decrease was attributable to a decrease in nonwithheld payments.

Disposable personal income -- personal income less tax and nontax payments -- increased \$37.2 billion in February, compared with an increase of \$19.2 billion in January.

### Personal outlays and personal saving

Personal outlays -- personal consumption expenditures (PCE), interest paid by consumers to business, and personal transfer payments to foreigners (net) -- increased \$22.4 billion in February, compared with \$4.4 billion in January.

PCE increased \$21.7 billion in February, compared with \$3.7 billion in January. Purchases of durable goods increased \$7.4 billion, in contrast to a decrease of \$2.4 billion; purchases of new cars accounted for most of the February increase and for the January decrease. Purchases of nondurable goods increased \$2.0 billion, in contrast to a decrease of \$7.7 billion. Purchases of services increased \$12.4 billion, compared with an increase of \$13.7 billion.

Personal saving -- disposable personal income less outlays -- was \$174.6 billion in February, compared with \$159.8 billion in January.

### Constant-dollar estimates for January

Constant-dollar disposable personal income -- disposable personal income adjusted to remove price changes -- increased \$8.6 billion in January, compared with \$20.2 billion in December.

Constant-dollar PCE -- PCE adjusted to remove price changes -- decreased \$3.7 billion in January, in contrast to an increase of \$19.6 billion in December.

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

### Revisions

Estimates have been revised for October through January. Changes in personal income, personal outlays, and personal saving -- revised and as published in last month's release -- are shown on the next page.

Change from preceding month

	<u>Personal income</u>		<u>Personal outlays</u>		<u>Personal saving</u>			
	<u>Previous estimate</u> (Percent)	<u>Revised</u>	<u>Previous estimate</u> (Billions of	<u>Revised</u> current dollars	<u>Previous estimate</u> at annual rates)	<u>Revised</u>		
1987:								
Oct.	1.9	1.9	72.0	71.2	-18.3	-14.4	86.0	81.3
Nov.	-.4	-.4	-15.9	-14.6	14.8	13.0	-35.2	-32.0
Dec.	.7	.8	27.1	29.3	22.5	23.4	-1.1	.0
1988:								
Jan.	.3	.3	12.2	10.6	10.5	4.4	9.8	14.8

\* \* \*

Details of personal income and outlays for February and other recent periods are shown in the accompanying tables. Additional estimates 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 \$46.00 domestic. Second class mail: annual subscription \$18.00 domestic, \$22.50 foreign; single issue \$6.50 domestic, \$8.13 foreign.

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

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This and other news releases are available electronically at the time of public release through the Commerce Department's Economic Bulletin Board at a nominal charge to users. For information, call (202) 377-1986.

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Next release for Personal Income and Outlays is April 27, at 10:00 A.M. EDT.

Table 1. Personal Income  
[Billions of dollars]

	Seasonally adjusted at annual rates							
	1986	1987	Sep 87	Oct 87r	Nov 87r	Dec 87r	Jan 88r	Feb 88p
Personal income.....	3,534.3	3,746.5	3,783.2	3,854.4	3,839.8	3,869.1	3,879.7	3,913.6
Wage and salary disbursements.....	2,089.1	2,212.7	2,239.8	2,257.6	2,271.9	2,281.1	2,294.4	2,309.8
Commodity-producing industries..	623.3	641.1	646.2	651.5	655.7	656.9	658.4	661.5
Manufacturing.....	470.5	484.0	489.8	492.7	495.2	496.1	497.7	498.9
Distributive industries.....	497.1	522.9	529.3	532.8	535.3	536.9	540.8	543.9
Service industries.....	573.9	627.3	638.1	645.0	650.0	652.9	658.1	665.2
Government and government enterprises.....	394.8	421.4	426.3	428.4	430.9	434.4	437.0	439.1
Other labor income.....	201.1	210.2	211.9	212.7	213.5	214.4	215.2	216.1
Proprietors' income with inventory valuation and capital consumption adjustments.....	289.8	327.4	323.8	363.5	326.5	338.1	331.1	343.0
Farm.....	37.2	48.4	40.2	77.5	37.5	47.9	39.7	48.2
Nonfarm.....	252.6	279.0	283.6	286.0	289.1	290.2	291.5	294.8
Rental income of persons with capital consumption adjustment.....	16.7	19.3	16.7	19.1	21.3	22.5	22.9	23.4
Personal dividend income.....	81.2	87.5	89.4	90.0	90.5	91.0	91.4	92.2
Personal interest income.....	497.6	516.2	526.2	533.0	538.9	544.5	549.1	553.5
Transfer payments.....	518.3	543.1	547.0	551.4	550.8	551.8	565.2	566.4
Old-age, survivors, disability, and health insurance benefits..	269.2	282.8	285.0	286.9	286.2	286.5	296.3	296.8
Government unemployment insurance benefits.....	16.4	14.7	14.3	13.7	13.6	13.8	13.5	13.5
Other.....	232.8	245.6	247.7	250.8	251.1	251.5	255.4	256.1
Less: Personal contributions for social insurance.....	159.6	169.9	171.6	172.8	173.7	174.3	189.7	190.8
Addenda:								
Total nonfarm income.....	3,475.2	3,676.6	3,721.1	3,755.0	3,780.4	3,799.2	3,818.0	3,843.3
Total farm income <sup>1</sup> .....	59.1	69.9	62.0	99.4	59.4	69.9	61.7	70.3

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]

	Seasonally adjusted at annual rates							
	1986	1987	Sep 87	Oct 87r	Nov 87r	Dec 87r	Jan 88r	Feb 88p
Personal income.....	3,534.3	3,746.5	3,783.2	3,854.4	3,839.8	3,869.1	3,879.7	3,913.6
Less: Personal tax and nontax payments.....	512.2	564.8	570.1	574.5	579.0	584.8	576.2	573.0
Equals: Disposable personal income..	3,022.1	3,181.7	3,213.0	3,279.9	3,260.8	3,284.3	3,303.5	3,340.7
Less: Personal outlays.....	2,891.5	3,062.7	3,117.3	3,102.9	3,115.9	3,139.3	3,143.7	3,166.1
Personal consumption expenditures.	2,799.8	2,967.8	3,021.5	3,006.5	3,019.2	3,042.0	3,045.7	3,067.4
Interest paid by consumers to business.....	89.9	93.5	94.6	95.0	95.3	95.9	96.7	97.3
Personal transfer payments to foreigners (net).....	1.7	1.4	1.2	1.3	1.3	1.3	1.3	1.3
Equals: Personal saving.....	130.6	119.0	95.7	177.0	145.0	145.0	159.8	174.6
Addenda:								
Disposable personal income:								
Total, billions of 1982 dollars <sup>1</sup> ...	2,645.1	2,677.2	2,675.8	2,721.4	2,699.9	2,720.1	2,728.7	.....
Per capita:								
Current dollars.....	12,508	13,050	13,151	13,414	13,325	13,412	13,481	13,625
1982 dollars.....	10,947	10,980	10,952	11,130	11,033	11,108	11,136	.....
Population (millions).....	241.6	243.8	244.3	244.5	244.7	244.9	245.0	245.2
Personal saving as percentage of disposable personal income <sup>2</sup> .....	4.3	3.7	3.5	4.3	4.8	4.6	4.8	.....

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]

	Seasonally adjusted at annual rates							
	1986	1987	Sep 87	Oct 87r	Nov 87r	Dec 87r	Jan 88r	Feb 88p
Personal income.....	207.3	212.2	22.6	71.2	-14.6	29.3	10.6	33.9
Wage and salary disbursements.....	114.2	123.6	11.0	17.8	14.3	9.2	13.3	15.4
Other labor income.....	8.8	9.1	.8	.8	.8	.9	.8	.9
Proprietors' income with inventory valuation and capital consumption adjustments.....	32.6	37.6	3.3	39.7	-37.0	11.6	-7.0	11.9
Farm.....	7.6	11.2	2.5	37.3	-40.0	10.4	-8.2	8.5
Nonfarm.....	25.0	26.4	.8	2.4	3.1	1.1	1.3	3.3
Rental income of persons with capital consumption adjustment.....	7.7	2.6	-.6	2.4	2.2	1.2	.4	.5
Personal dividend income.....	4.9	6.3	.6	.6	.5	.5	.4	.8
Personal interest income.....	21.1	18.6	6.4	6.8	5.9	5.6	4.6	4.4
Transfer payments.....	28.6	24.8	1.8	4.4	-.6	1.0	13.4	1.2
Less: Personal contributions for social insurance.....	10.7	10.3	.8	1.2	.9	.6	15.4	1.1
Less: Personal tax and nontax payments.....	26.3	52.6	4.0	4.4	4.5	5.8	-8.6	-3.2
Equals: Disposable personal income..	181.0	159.6	18.4	66.9	-19.1	23.5	19.2	37.2
Less: Personal outlays.....	177.4	171.2	-6.6	-14.4	13.0	23.4	4.4	22.4
Equals: Personal saving.....	3.5	-11.6	25.1	81.3	-32.0	.0	14.8	14.8
Addendum:								
Disposable personal income, billions of 1982 dollars.....	102.9	32.1	.4	45.6	-21.5	20.2	8.6	.....

r = revised p = preliminary

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

Table 4. Personal Consumption Expenditures by Major Type of Product

Seasonally adjusted at annual rates								
	1986	1987	Sep 87	Oct 87r	Nov 87r	Dec 87r	Jan 88r	Feb 88p
Billions of current dollars								
Personal consumption expenditures...	2,799.8	2,967.9	3,021.5	3,006.5	3,019.2	3,042.0	3,045.7	3,067.4
Durable goods.....	402.4	413.7	438.0	403.4	412.0	423.5	421.1	428.5
Nondurable goods.....	939.4	982.9	984.4	985.4	993.7	1,000.1	992.4	994.4
Services.....	1,458.0	1,571.2	1,599.0	1,617.7	1,613.5	1,618.4	1,632.1	1,644.5
Billions of constant (1982) dollars								
Personal consumption expenditures...	2,450.5	2,497.2	2,516.2	2,494.6	2,499.9	2,519.5	2,515.8	.....
Durable goods.....	383.5	388.2	406.7	376.2	383.6	393.7	391.9	.....
Nondurable goods.....	877.2	878.1	869.9	868.2	874.0	881.4	875.2	.....
Services.....	1,189.8	1,230.9	1,239.6	1,250.2	1,242.3	1,244.4	1,248.7	.....
Implicit price deflators (Index numbers, 1982 = 100)								
Personal consumption expenditures...	114.3	118.8	120.1	120.5	120.8	120.7	121.1	.....
Durable goods.....	104.9	106.6	107.7	107.2	107.4	107.6	107.4	.....
Nondurable goods.....	107.1	111.9	113.2	113.5	113.7	113.5	113.4	.....
Services.....	122.5	127.6	129.0	129.4	129.9	130.1	130.7	.....
Change from preceding period								
Billions of current dollars								
Personal consumption expenditures...	170.4	168.1	-7.3	-15.0	12.7	22.8	3.7	21.7
Durable goods.....	33.7	11.3	-9.8	-34.6	8.6	11.5	-2.4	7.4
Nondurable goods.....	26.3	43.5	-5.7	1.0	8.3	6.4	-7.7	2.0
Services.....	110.5	113.2	8.0	18.7	-4.2	4.9	13.7	12.4
Billions of constant (1982) dollars								
Personal consumption expenditures...	97.9	46.7	-20.4	-21.6	5.3	19.6	-3.7	.....
Durable goods.....	30.8	4.7	-9.7	-30.5	7.4	10.1	-1.8	.....
Nondurable goods.....	27.7	.9	-9.2	-1.7	5.8	7.4	-6.2	.....
Services.....	39.4	41.1	-1.6	10.6	-7.9	2.1	4.3	.....

r = revised    p = preliminary

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