

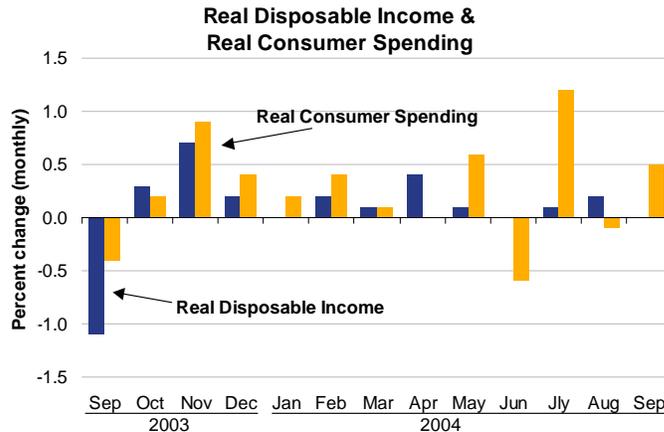


MONDAY, November 1, 2004

INFLATION-ADJUSTED INCOME FLAT IN SEPTEMBER, CONSUMER SPENDING INCREASES

Personal Income Estimates

The total after-tax income received by individuals, adjusted for inflation, was essentially unchanged in September, and consumer spending increased 0.5 percent, according to estimates released today by the U.S. Bureau of Economic Analysis. In August, income had increased 0.2 percent, and spending had slipped 0.1 percent.



Real consumer spending strengthened across the board in September. Purchases of big-ticket items (especially motor vehicles) turned up, and purchases of services accelerated (partly on the strength of gas and electricity).

Since September of last year, real disposable personal income has increased 2.5 percent, and real consumer spending has increased 3.8 percent.

Personal saving was 0.2 percent of disposable personal income in September 2004, down from 0.7 percent in August.

Personal income—the total income received by individuals, before taxes and *not* adjusted for inflation—increased \$15.1 billion (or 0.2 percent) in September after increasing \$25.3 billion (0.3 percent) in August. Since September of last year, personal income has increased 4.6 percent.

- Wages and salaries, the largest component of personal income, increased about \$20 billion in September.
- Current transfer receipts also increased about \$20 billion. The increase mainly represented net insurance settlements associated with the series of hurricanes that struck the southeastern part of the United States in August and September.
- The increases in wages and salaries and in transfer receipts were partly offset by a reduction in rental income of persons that reflected uninsured losses of residential property resulting from the hurricanes.

A brief explanation of how personal income and consumer spending estimates are affected by hurricanes and other natural disasters is available on BEA's Web site at: <http://www.bea.gov/bea/faq/national/disasters.htm>.

BEA's data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on its Web site: www.bea.gov.

NOTE: Estimates of personal income and outlays for October, along with revised estimates for July through September, will be released on December 1, 2004.

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