

# B U S I N E S S S I T U A T I O N

This article was prepared by Daniel Larkins, Larry R. Moran, and Ralph W. Morris.

**R**EAL GROSS domestic product (GDP) increased 2.3 percent in the second quarter of 1999, according to the “advance” estimates of the national income and product accounts (NIPAs), after increasing 4.3 percent in the first quarter (chart 1 and table 1).<sup>1</sup> Prices paid by U.S. residents for goods and services—the price index for gross domestic purchases—increased 2.1 percent after increasing 1.2 percent; the step-up

reflected sharply higher energy prices. Reflecting the step-up in prices, growth of real disposable personal income slowed to 2.4 percent from 3.5 percent; the personal saving rate (current-dollar saving as a percentage of current-dollar disposable personal income) continued its downtrend, decreasing to negative 1.1 percent.<sup>2</sup>

The slowdown in real GDP growth was mainly accounted for by a deceleration in personal consumption expenditures (PCE) and by a downturn in government spending. PCE increased 4.0 percent after increasing 6.7 percent; the decel-

1. Quarterly estimates in the NIPAs are expressed at seasonally adjusted annual rates. Quarter-to-quarter dollar changes are the differences between the published estimates. Quarter-to-quarter percent changes are annualized and are calculated from unrounded data unless otherwise specified.

Real estimates are calculated using a chain-type Fisher formula with annual weights for all years and for all quarters except those in the most recent year, which are calculated using quarterly weights; real estimates are expressed both as index numbers (1992=100) and as chained (1992) dollars. Price indexes (1992=100) are also calculated using a chain-type Fisher formula.

2. For a perspective on the downtrend in the saving rate, see “Note on the Personal Saving Rate,” SURVEY OF CURRENT BUSINESS 79 (February 1999): 8–9.

**Table 1.—Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers**

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level		Change from preceding quarter			1998		1999	
	1999	1998	1998	1999	1999	1998	1999	1998	1999
	II	III	IV	I	II	III	IV	I	II
<b>Gross domestic product</b> .....	<b>7,803.6</b>	<b>67.9</b>	<b>111.2</b>	<b>81.9</b>	<b>44.0</b>	<b>3.7</b>	<b>6.0</b>	<b>4.3</b>	<b>2.3</b>
Less: Exports of goods and services .....	1,007.6	-6.8	44.3	-13.1	11.1	-2.8	19.7	-5.1	4.5
Plus: Imports of goods and services .....	1,330.6	7.0	35.3	40.5	30.5	2.3	12.0	13.5	9.7
<b>Equals: Gross domestic purchases</b> .....	<b>8,087.0</b>	<b>80.2</b>	<b>102.5</b>	<b>126.5</b>	<b>59.2</b>	<b>4.2</b>	<b>5.4</b>	<b>6.6</b>	<b>3.0</b>
Less: Change in business inventories .....	19.4	17.5	-11.5	-5.5	-19.3	.....	.....	.....	.....
Nonfarm .....	15.8	17.1	-9.5	-2.4	-19.3	.....	.....	.....	.....
Farm .....	3.8	.4	-1.9	-3.6	.2	.....	.....	.....	.....
<b>Equals: Final sales to domestic purchasers</b> .....	<b>8,059.7</b>	<b>63.4</b>	<b>112.7</b>	<b>131.1</b>	<b>76.1</b>	<b>3.3</b>	<b>6.0</b>	<b>6.8</b>	<b>3.9</b>
Personal consumption expenditures .....	5,384.7	51.6	64.2	85.9	52.8	4.1	5.0	6.7	4.0
Durable goods .....	809.8	4.3	41.3	23.9	10.9	2.4	24.5	12.9	5.6
Nondurable goods .....	1,612.7	8.2	16.0	35.8	11.8	2.1	4.2	9.5	3.0
Services .....	2,977.2	38.0	12.4	29.6	30.4	5.4	1.7	4.1	4.2
Gross private domestic fixed investment .....	1,373.6	6.8	40.1	33.0	29.6	2.2	13.2	10.5	9.1
Nonresidential fixed investment .....	1,038.5	-1.7	33.2	20.3	26.3	-7	14.6	8.5	10.8
Structures .....	207.2	.1	3.0	2.8	-6	.2	6.0	5.7	-1.2
Producers' durable equipment .....	849.6	-2.0	32.2	18.3	29.8	-1.0	17.8	9.5	15.3
Residential investment .....	340.1	7.4	7.6	11.8	4.2	9.9	10.0	15.4	5.1
Government consumption expenditures and gross investment .....	1,320.0	4.8	10.7	13.6	-3.9	1.5	3.3	4.2	-1.2
Federal .....	454.7	-1.6	8.1	-2.2	-3.7	-1.4	7.3	-1.9	-3.2
National defense .....	296.9	3.2	1.1	-5.2	-2.5	4.3	1.3	-6.6	-3.2
Nondefense .....	156.8	-4.5	6.8	2.8	-1.2	-11.5	19.8	7.4	-3.1
State and local .....	865.5	6.4	2.7	15.8	-3	3.1	1.3	7.7	-1
<b>Addendum: Final sales of domestic product</b> .....	<b>7,776.0</b>	<b>51.2</b>	<b>121.3</b>	<b>86.5</b>	<b>60.6</b>	<b>2.8</b>	<b>6.6</b>	<b>4.6</b>	<b>3.2</b>

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates usually are not additive. Chained (1992) dollar levels and residuals, which measure the extent of nonadditivity in each table, are in NIPA tables 1.2, 1.4, and 1.6. Percent changes are calculated from unrounded data. Percent changes in major aggregates are in NIPA table 8.1. (See “Selected NIPA Tables,” which begin on page D-2 of this issue.)

**CHART 1**

**Selected Measures:  
Change from Preceding Quarter**



Note.—Percent change at annual rate from preceding quarter; based on seasonally adjusted estimates.

eration was accounted for by nondurable goods and durable goods. Government spending decreased 1.2 percent after increasing 4.2 percent; the downturn was mainly in spending by State and local governments. The slowdown in GDP was moderated by an upturn in exports.

The largest contributor to the second-quarter increase in real GDP was PCE, which contributed 2.73 percentage points to GDP growth; durable goods, nondurable goods, and services all increased (table 2). Nonresidential fixed invest-

ment increased 10.8 percent and contributed 1.15 percentage points to GDP growth; producers' durable equipment accounted for the increase. Exports increased 4.5 percent and contributed 0.49 percentage point to GDP growth. These increases were partly offset by an increase in imports, which subtracted 1.24 percentage points from GDP growth, and by a drop in inventory investment, which subtracted 0.86 percentage point. The increase in imports was largely accounted for by computers; the drop in inventory

### Second-Quarter 1999 Advance GDP Estimate: Source Data and Assumptions

The "advance" GDP estimate for the second quarter is based on preliminary and incomplete source data; as more and better data become available, the estimate will be revised. The advance estimate is based on the following major source data. (The number of months for which data were available is shown in parentheses.)

*Personal consumption expenditures:* Sales of retail stores (3) and unit auto and truck sales (3);

*Nonresidential fixed investment:* Unit auto and truck sales (3), construction put in place (2), manufacturers' shipments of machinery and equipment other than aircraft (3), aircraft shipments (2), and exports and imports of machinery and equipment (2);

*Residential investment:* Construction put in place (2) and single-family housing starts (3);

*Change in business inventories:* Manufacturing and trade inventories (2) and unit auto and truck inventories (3);

*Net exports of goods and services:* Exports and imports of goods and services (2);

*Government consumption expenditures and gross investment:* Department of Defense outlays (3), other Federal outlays (3), State and local construction put in place (2), State and local employment (3), and the Employment Cost Index for the quarter;

*GDP prices:* Consumer Price Index (3), Producer Price Index (3), U.S. Import and Export Price Indexes (3), and values and quantities of petroleum imports (2).

BEA made assumptions for source data that were not available. Table A shows the assumptions for key series; a more comprehensive listing of assumptions is available on the Department of Commerce's Economic Bulletin Board or from BEA.

Table A.—Summary of Major Data Assumptions for Advance Estimates, 1999:II

[Billions of dollars, seasonally adjusted at annual rates]

	1999					
	January	February	March	April	May	June <sup>1</sup>
Fixed investment:						
Nonresidential structures:						
Buildings, utilities, and farm:						
Value of new nonresidential construction put in place .....	185.8	189.0	189.3	182.1	179.6	188.5
Producers' durable equipment:						
Manufacturers' shipments of complete civilian aircraft .....	58.3	37.4	34.4	41.2	37.9	33.3
Residential structures:						
Value of new residential construction put in place:						
1-unit structures .....	208.7	210.3	212.4	211.4	210.6	208.9
2-or-more-unit structures .....	26.4	27.8	29.1	28.2	27.0	27.7
Change in business inventories nonfarm:						
Change in inventories for manufacturing and trade (except nonmerchant wholesalers) for industries other than motor vehicles and equipment in trade .....	-8.0	27.2	9.6	7.1	20.1	28.9
Net exports: <sup>2</sup>						
Exports of goods:						
U.S. exports of goods, balance-of-payments basis .....	663.2	656.4	651.9	663.2	655.6	667.7
Excluding nonmonetary gold .....	660.5	653.4	649.0	659.2	653.4	664.7
Imports of goods:						
U.S. imports of goods, balance-of-payments basis .....	943.4	958.5	960.1	967.2	994.1	1002.6
Excluding nonmonetary gold .....	939.8	955.8	956.6	964.0	991.1	999.6
Net exports of goods (exports less imports) .....	-280.2	-302.1	-308.2	-304.0	-338.5	-334.9
Excluding nonmonetary gold .....	-279.3	-302.4	-307.6	-304.8	-337.7	-334.9
Government consumption expenditures and gross investment:						
State and local:						
Structures:						
Value of new construction put in place .....	140.5	146.5	146.1	140.6	139.5	143.8

1. Assumed.

2. Nonmonetary gold is included in balance-of-payments-basis exports and imports but is not used directly in the estimation of NIPA exports and imports.

investment was largely accounted for by retail trade.

**Motor vehicles.**—Real motor vehicle output increased 8.9 percent in the second quarter after decreasing 18.7 percent in the first (table 3). The upturn was accounted for by auto output.

Final sales of motor vehicles to domestic purchasers increased 7.5 percent after little change. Auto sales turned up; truck sales increased less than in the first quarter. Purchases of motor vehicles by consumers increased after decreasing, and purchases by businesses increased more than in the first quarter.

**Table 2.—Contributions to Percent Change in Real Gross Domestic Product**

[Seasonally adjusted at annual rates]

	1998		1999	
	III	IV	I	II
<b>Percent change at annual rate:</b>				
Gross domestic product .....	3.7	6.0	4.3	2.3
<b>Percentage points at annual rates:</b>				
Personal consumption expenditures .....	2.78	3.48	4.56	2.73
Durable goods .....	.20	1.90	1.09	.48
Nondurable goods .....	.42	.84	1.77	.59
Services .....	2.15	.74	1.70	1.67
Gross private domestic investment .....	1.22	1.42	1.31	.52
Fixed investment .....	.33	1.95	1.58	1.38
Nonresidential .....	-.08	1.52	.91	1.15
Structures .....	.01	.17	.15	-.03
Producers' durable equipment .....	-.09	1.35	.76	1.18
Residential .....	.41	.43	.66	.23
Change in business inventories .....	.89	-.53	-.27	-.86
Net exports of goods and services .....	-.62	.52	-2.23	-.75
Exports .....	-.32	2.02	-.58	.49
Goods .....	.04	1.76	-.68	.36
Services .....	-.36	.26	.10	.13
Imports .....	-.30	-1.50	-1.65	-1.24
Goods .....	-.32	-1.46	-1.42	-1.22
Services .....	.01	-.04	-.23	-.03
Government consumption expenditures and gross investment .....	.27	.60	.70	-.21
Federal .....	-.09	.44	-.08	-.19
National defense .....	.17	.06	-.23	-.13
Nondefense .....	-.26	.38	.14	-.07
State and local .....	.35	.16	.78	-.01

NOTE.—NIPA table 8.2 also shows contributions for 1998:I and 1998:II.

Factors frequently considered in analyses of consumer spending were mixed in the second quarter. Growth in real disposable personal income slowed to 2.4 percent from 3.5 percent, but the Index of Consumer Sentiment (prepared by the University of Michigan Survey Research Center as a measure of consumer attitudes and expectations) increased from an already high level. The unemployment rate was unchanged at 4.3 percent.

Factors specific to motor vehicle purchases were also mixed. For example, interest rates on new-car loans at commercial banks changed little, but the prices of new motor vehicles decreased, partly reflecting manufacturers' sales-incentive programs.

Imports of motor vehicles turned down, and exports turned up. Purchases by government decreased more than in the first quarter.

Motor vehicle inventory investment decreased slightly less than in the first quarter; the second-quarter decrease reflected a step-up in the liquidation of auto inventories. The inventory-sales

**Table 3.—Motor Vehicle Output, Sales, and Inventories**

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				1998		1999	
		1999	1998		1999		III	IV	I
	II	III	IV	I	II				
<b>Output</b> .....	<b>287.3</b>	<b>-7.7</b>	<b>43.2</b>	<b>-15.0</b>	<b>6.1</b>	<b>-11.2</b>	<b>87.7</b>	<b>-18.7</b>	<b>8.9</b>
Autos .....	115.3	4.5	11.6	-14.5	6.8	17.8	48.9	-39.4	27.2
Trucks .....	171.5	-12.1	31.4	-6	-5	-27.9	122.9	-1.4	-1.1
<b>Less: Exports</b> .....	<b>24.2</b>	<b>-4.6</b>	<b>2.7</b>	<b>-1.6</b>	<b>1.6</b>	<b>-54.0</b>	<b>62.1</b>	<b>-24.4</b>	<b>30.4</b>
Autos .....	15.9	-1.6	2.6	-1.4	1.4	-37.9	106.8	-31.8	46.4
Trucks .....	8.3	-2.9	.1	-2	.1	-70.3	6.1	-8.9	5.6
<b>Plus: Imports</b> .....	<b>99.0</b>	<b>-1.9</b>	<b>12.3</b>	<b>8.2</b>	<b>-2.6</b>	<b>-9.2</b>	<b>76.6</b>	<b>40.0</b>	<b>-9.8</b>
Autos .....	79.6	-2.7	11.3	5.8	-5.5	-14.6	85.1	32.7	-23.7
Trucks .....	19.4	.7	1.1	2.4	2.9	27.0	37.0	86.2	93.5
<b>Equals: Gross domestic purchases</b> .....	<b>362.1</b>	<b>-5.2</b>	<b>52.7</b>	<b>-5.1</b>	<b>2.0</b>	<b>-6.4</b>	<b>86.5</b>	<b>-5.5</b>	<b>2.2</b>
Autos .....	178.8	3.3	20.4	-7.1	-5	8.4	58.9	-14.4	-1.0
Trucks .....	182.7	-8.4	32.2	2.0	2.3	-20.2	121.9	4.4	5.3
<b>Less: Change in business inventories</b> .....	<b>-2.9</b>	<b>13.4</b>	<b>16.2</b>	<b>-5.2</b>	<b>-4.8</b>				
Autos .....	-9.3	9.3	4.9	-5.3	-5.9				
Trucks .....	5.8	4.2	10.9	0	.9				
<b>Equals: Final sales to domestic purchasers</b> .....	<b>364.6</b>	<b>-18.6</b>	<b>36.5</b>	<b>0</b>	<b>6.5</b>	<b>-20.2</b>	<b>53.8</b>	<b>0</b>	<b>7.5</b>
Autos .....	187.6	-5.9	15.6	-1.9	5.1	-12.7	42.2	-4.1	11.7
Trucks .....	176.7	-12.8	21.0	1.8	1.5	-27.5	67.4	4.4	3.3
<b>Addenda:</b>									
Personal consumption expenditures .....	215.7	-5.8	22.9	-2.0	1.6	-11.2	56.6	-3.6	3.1
Producers' durable equipment .....	142.6	-11.3	11.6	3.5	6.6	-29.9	43.9	11.1	21.1
Gross government investment .....	7.7	-2.0	2.2	-1.4	-1.6	-56.8	141.9	-42.4	-52.0

NOTE.—See note to table 1 for an explanation of chained (1992) dollars. Truck output includes new trucks only; auto output includes new cars and used cars. Chained (1992) dollar levels for

motor vehicle output, auto and truck output, and residuals, which measure the extent of nonadditivity in each table, are in NIPA tables 1.4, 8.5, and 8.7.

ratio for new domestic autos, which is calculated from units data, decreased from 2.1 at the end of the first quarter to 1.9 at the end of the second; the traditional industry target is 2.4.

### Prices

As noted, the price index for gross domestic purchases, which measures prices paid by U.S. residents for goods and services wherever produced, increased 2.1 percent in the second quarter after increasing 1.2 percent in the first (chart 2 and table 4). A sharp upturn in energy prices accounted for the step-up. The price index for gross domestic purchases less food and energy increased 1.4 percent after increasing 1.3 percent.

The GDP price index, which measures prices paid for goods and services produced in the United States, increased 1.6 percent, the same as in the first quarter. This index, unlike the price index for gross domestic purchases, excludes the prices of imports and includes the prices of exports. Import prices increased 4.0 percent after decreasing 3.3 percent; the price of petroleum imports jumped from an average of \$10.38 per barrel in the first quarter to an average of \$14.85 per barrel in the second, largely reflecting a decision in March by the Organization of Petroleum Exporting Countries (OPEC) and some non-OPEC oil producing countries to cut production by about 3 percent. Export prices decreased slightly in both quarters.

PCE prices increased 2.5 percent after increasing 1.2 percent. Energy prices mainly accounted for the step-up, as gasoline and oil prices increased sharply after a moderate decrease; the price of

fuel oil and coal also turned up. Food prices increased less than in the first quarter, and the prices of PCE excluding food and energy increased somewhat more than in the first quarter.

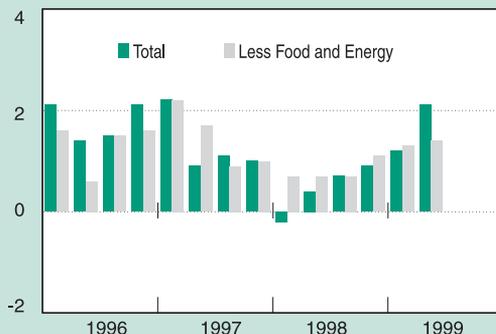
Prices of nonresidential fixed investment decreased 1.5 percent after decreasing 2.0 percent. Prices of nonresidential structures increased more than in the first quarter, and prices of producers' durable equipment decreased about the same as in the first quarter. The price of information processing equipment, including computers and peripheral equipment, decreased less than in the first quarter; the price of transportation equipment increased less than in the first quarter, as auto prices turned down.

Prices of government consumption expenditures and gross investment increased 2.9 percent, slightly less than in the first quarter. A slowdown in prices paid by the Federal Government was largely offset by a step-up in prices paid by State and local governments. Prices paid by the Federal Government increased 0.8 percent after increasing 6.6 percent; the first-quarter increase had reflected a pay raise for civilian and military personnel. Prices paid by State and local governments increased 4.1 percent after increasing 1.3 percent; the step-up largely reflected an upturn in prices paid for nondurable goods and an acceleration in prices paid for structures.

CHART 2

### Gross Domestic Purchases Prices: Change From Preceding Quarter

Percent



Note.—Percent change at annual rate from preceding quarter; based on seasonally adjusted index numbers (1992=100).

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

Table 4.—Price Indexes

[Percent change at annual rates; based on seasonally adjusted index numbers (1992=100)]

	1998		1999	
	III	IV	I	II
<b>Gross domestic product</b> .....	1.0	0.8	1.6	1.6
Less: Exports of goods and services .....	-2.8	-9	-6	-2
Plus: Imports of goods and services .....	-4.8	-2	-3.3	4.0
<b>Equals: Gross domestic purchases</b> .....	.7	.9	1.2	2.1
Less: Change in business inventories .....				
<b>Equals: Final sales to domestic purchasers</b> .....	.7	.9	1.2	2.1
Personal consumption expenditures .....	1.0	1.1	1.2	2.5
Food .....	2.8	2.0	1.8	1.2
Energy .....	-5.8	-6.8	-2.4	28.2
Personal consumption expenditures less food and energy .....	1.1	1.3	1.3	1.6
Private nonresidential fixed investment .....	-3.6	-2.5	-2.0	-1.5
Structures .....	1.2	1.8	.9	2.3
Producers' durable equipment .....	-5.3	-4.0	-3.0	-2.8
Private residential investment .....	3.7	4.2	2.2	2.7
Government consumption expenditures and gross investment .....	1.5	1.5	3.1	2.9
Federal .....	.4	1.5	6.6	.8
National defense .....	.4	1.8	6.0	1.0
Nondefense .....	.5	1.1	7.6	.4
State and local .....	2.1	1.5	1.3	4.1
<b>Addendum: Gross domestic purchases less food and energy</b> .....	.7	1.1	1.3	1.4

NOTE.—Percent changes in major aggregates are in NIPA table 8.1. Index number levels are in tables 7.1, 7.2, and 7.4.

**Personal income**

Personal income (in current dollars) increased \$93.2 billion in the second quarter, about the same as in the first (table 5). Disposable personal income—personal income less personal tax and nontax payments—increased \$75.2 billion, and personal outlays increased \$100.4 billion; as the increase in outlays exceeded that in income, personal saving fell. The personal saving rate decreased to negative 1.1 percent from negative 0.7 percent (chart 3).

Wages and salaries increased \$60.2 billion after increasing \$74.2 billion. The slowdown reflected slowdowns in the service industries and in the government; government wages and salaries had increased sharply in the first quarter as a result of the pay raise for Federal workers. Wages and salaries for goods-producing industries and for distributive industries increased more than in the first quarter.

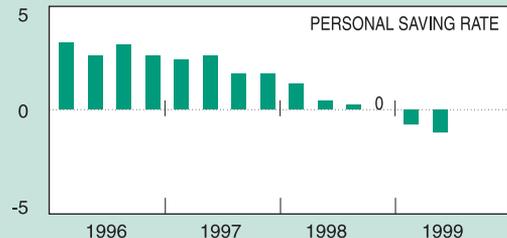
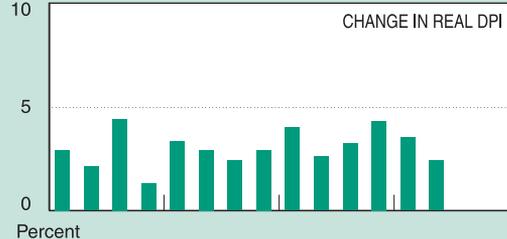
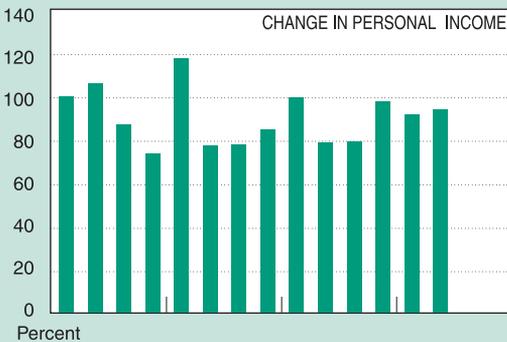
Proprietors' income increased \$11.6 billion after increasing \$1.4 billion. The step-up was more than accounted for by farm proprietors' income, which turned up. The upturn was primarily accounted for by farm subsidy payments, which increased after decreasing. (The first-quarter decrease was from an unusually high fourth-quarter level that had reflected an acceleration in subsidy payments authorized by the Federal 1998 Omnibus Budget Resolution.) Farm income excluding subsidies decreased less in the second quarter than in the first, mostly because of an upturn in livestock output. Nonfarm proprietors' income increased less than in the first quarter.

Transfer payments increased \$6.8 billion after increasing \$16.9 billion. The large first-quarter increase had primarily been due to cost-of-living increases in several Federal transfer programs and to an increase in the Earned Income Tax Credit program.

**CHART 3**

**Selected Personal Income and Saving Measures**

Billions \$



Note—Changes are from preceding quarter, based on seasonally adjusted annual rates.

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

**Table 5.—Personal Income and Its Disposition**

[Billions of dollars; seasonally adjusted at annual rates]

	Level	Change from preceding quarter			
	1999	1998		1999	
	II	III	IV	I	II
Wage and salary disbursements .....	4,377.2	59.5	65.7	74.2	60.2
Private industries .....	3,661.2	52.6	59.1	62.2	55.5
Goods-producing industries .....	1,060.3	4.8	9.4	10.7	12.2
Manufacturing .....	766.9	.1	3.2	5.1	7.7
Distributive industries .....	983.0	13.6	15.7	9.9	11.6
Service industries .....	1,617.9	34.2	34.0	41.6	31.7
Government .....	716.0	6.9	6.5	12.0	4.8
Other labor income .....	419.6	2.7	2.6	3.7	4.9
Proprietors' income with IVA and CCAAdj .....	609.9	4.4	20.8	1.4	11.6
Farm .....	24.0	-2.5	9.5	-12.2	1.5
Nonfarm .....	585.9	6.9	11.3	13.6	10.1
Rental income of persons with CCAAdj .....	171.0	2.6	3.9	.2	3.3
Personal dividend income .....	272.7	.9	2.7	3.1	3.9
Personal interest income .....	777.8	6.2	.7	1.1	6.8
Transfer payments to persons .....	1,182.0	7.1	5.4	16.9	6.8
Less: Personal contributions for social insurance .....	367.7	4.4	4.6	9.3	4.3
<b>Personal income .....</b>	<b>7,442.5</b>	<b>78.9</b>	<b>97.1</b>	<b>91.4</b>	<b>93.2</b>
Less: Personal tax and nontax payments .....	1,162.1	15.5	16.5	19.2	18.0
<b>Equals: Disposable personal income .....</b>	<b>6,280.4</b>	<b>63.5</b>	<b>80.7</b>	<b>72.1</b>	<b>75.2</b>
Less: Personal outlays .....	6,351.1	76.5	93.8	117.1	100.4
<b>Equals: Personal saving .....</b>	<b>-70.7</b>	<b>-13.0</b>	<b>-13.2</b>	<b>-44.9</b>	<b>-25.2</b>
<b>Addenda: Special factors in personal income:</b>					
In wages and salaries:					
Federal Government and Postal Service pay adjustments .....	6.1	0	0	6.1	0
In farm proprietors' income:					
Subsidies .....	7.4	0	10.1	-6.9	4.2
In transfer payments to persons:					
Social security retroactive payments .....	0	0	1.2	-1.2	0
Cost-of-living adjustments in Federal transfer programs .....	6.3	0	0	6.3	0
Earned Income Tax Credit and Child Tax Credit payments .....	25.3	0	0	3.4	0
In personal tax and nontax payments:					
Recent tax law changes .....		-6	0	-5.7	0

NOTE.—Most dollar levels are in NIPA table 2.1.  
IVA Inventory valuation adjustment  
CCAAdj Capital consumption adjustment

Personal interest income, rental income of persons, and personal dividend income increased more in the second quarter than in the first.

Personal contributions for social insurance, which is subtracted in the calculation of personal income, increased \$4.3 billion after increasing \$9.3 billion. The slowdown was primarily due to

a slowdown in the growth of the taxable wage base.

Personal tax and nontax payments increased \$18.0 billion after increasing \$19.2 billion. The slowdown was due to a slowdown in the growth of wages and salaries and to State tax refunds mandated by State legislatures. 

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