

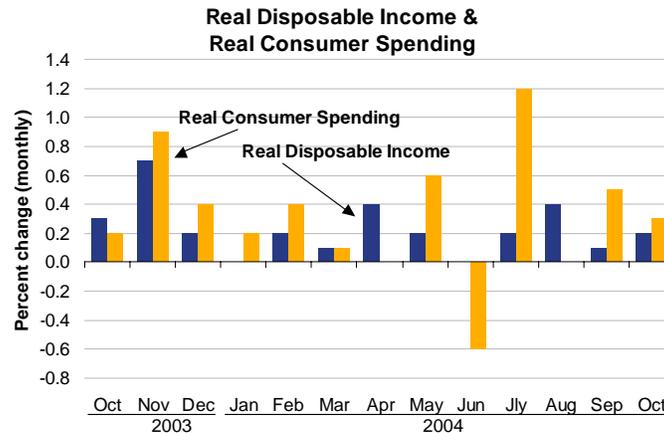


WEDNESDAY, December 1, 2004

INCOME STEPS UP AND SPENDING SLOWS IN OCTOBER

Personal Income Estimates

After-tax income received by individuals, adjusted for inflation, increased 0.2 percent in October, and consumer spending increased 0.3 percent, according to estimates released today by the U.S. Bureau of Economic Analysis. Compared with September, these estimates represent a step-up in income growth and a slowdown in spending growth; the slowdown in spending partly reflected a leveling-off of big-ticket purchases such as motor vehicles.



Since October of last year, real disposable personal income has increased 2.7 percent, and real consumer spending has increased 4.1 percent.

Personal saving was 0.2 percent of disposable personal income in October 2004, down from 0.3 percent in September.

Personal income—the total income received by individuals, before taxes and *not* adjusted for inflation—increased \$61.7 billion (or 0.6 percent) in October after increasing \$19.1 billion (0.2 percent) in September. Since October of last year, personal income has increased 5.2 percent.

- Wages and salaries, the largest component of personal income, increased almost \$30 billion in October.
- Rental income of persons and proprietors' income posted sharp increases – roughly \$27 billion and \$17 billion, respectively; both increases represent rebounds from hurricane-related decreases in September.
- Current transfer receipts decreased approximately \$19 billion in October. In September, transfers had been boosted by net insurance settlements associated with the hurricanes.

A brief explanation of how personal income (and other) estimates are affected by 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 November, along with revised estimates for July through October, will be released on December 23, 2004.

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