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James E. Rankin: (202) 606-5301 (Personal Income) BEA 01-34
Greg Key: 606-5302 (Personal Outlays)
Recorded message: 606-5303

PERSONAL INCOME AND OUTLAYS: SEPTEMBER 2001

Personal income increased \$0.8 billion, or less than 0.1 percent, and disposable personal income (DPI) decreased \$86.7 billion, or 1.1 percent, in September, according to the Bureau of Economic Analysis. Personal consumption expenditures (PCE) decreased \$130.2 billion, or 1.8 percent. In August, personal income increased \$6.8 billion, or 0.1 percent, DPI increased \$145.0 billion, or 1.9 percent, and PCE increased \$23.3 billion, or 0.3 percent, based on revised estimates.

	May	June	2001 July	Aug.	Sept.
		(Percent	change from	preceding	month)
Personal income, current dollars	0.1	0.3	0.4	0.1	0.0
Disposable personal income:					
Current dollars	0.2	0.3	1.8	1.9	-1.1
Chained (1996) dollars	0.1	0.1	1.8	1.9	-0.6
Personal consumption expenditures:					
Current dollars	0.4	0.4	0.2	0.3	-1.8
Chained (1996) dollars	0.3	0.3	0.2	0.3	-1.3

Adjustments for the September 11 Terrorist Attacks

The September estimates of personal income and outlays reflected the effects of the terrorist attacks on the World Trade Center and on the Pentagon on September 11, 2001. Most of the effects of disasters on personal income and outlays are reflected in the usual source data, such as the Census Bureau's monthly data on retail sales. For certain components, however, BEA prepares adjustments to account for the effects of a disaster not captured in the source data. The following paragraphs describe the effects of BEA's adjustments for the terrorist attacks on personal income and outlays. Because most of the effects of the attacks are embedded in the source data and cannot easily be separated out, BEA will not attempt to quantify the total impact of the attacks on personal income and outlays. Although BEA cannot quantify the impact, presumably much of the September decline in PCE reflected reduced consumer spending in the aftermath of the attacks.

Wages and salaries: The estimates of wage and salaries were adjusted because the regular source data on employment, hours, and earnings are from the Bureau of Labor Statistics monthly employment survey, which covers the mid-month pay period; thus for September, these data did not fully reflect the changes to labor markets following the September 11 attacks. BEA's adjustments to wages reflected a mixture of decreased hours due to work interruptions, decreased employment due to layoffs, and increased hours due to overtime work. The effect of the adjustments made by BEA was to lower private wages and salaries for September by \$10.0 billion and to raise state and local government wages by \$2.5 billion.

PCE: Within PCE for services, expenditures for life insurance, workers' compensation, and motor vehicle insurance were adjusted downward to reflect benefits payable to persons. The increase in benefits was treated as a reduction in the average net premiums paid for life insurance services. These adjustments lowered current-dollar PCE for September by \$61.4 billion (at an annual rate) and also lowered the PCE price index; real PCE was not affected by these insurance-related adjustments. Other adjustments to PCE for services did not have a major effect on PCE. Adjustments lowered some additional components of spending (motor vehicle rental, spectator sports, and amusement parks) and raised others (video cassette rental); the net effect of these other adjustments was to lower PCE for services by about \$2.5 billion.

Effects of Other Special Factors

Disposable personal income (DPI) -- personal income less personal tax and nontax payments -- was affected by several special factors in addition to the September 11 attacks. The largest of these factors was advance refund checks sent to taxpayers beginning in July as part of the Economic Growth and Tax Relief Reconciliation Act of 2001, which lowered net income tax payments. In addition to the refund checks, the Act lowered income tax withholding rates beginning in July. The July change in DPI was also boosted by an increase in transfer payments, which reflected one-time payments to correct for underpayments of benefits associated with an error in the indexing for social security and supplemental security income benefits.

Wages and salaries

Private wage and salary disbursements decreased \$2.7 billion in September, compared with a decrease of \$2.6 billion in August. Goods-producing industries' payrolls decreased \$2.7 billion, compared with a decrease of \$3.0 billion; manufacturing payrolls decreased \$3.8 billion, compared with a decrease of \$4.1 billion. Distributive industries' payrolls decreased \$4.1 billion, compared with a decrease of \$3.0 billion. Service industries' payrolls increased \$4.1 billion, compared with an increase of \$3.4 billion. Government wage and salary disbursements increased \$4.7 billion, compared with an increase of \$3.2 billion.

Other personal income

Proprietors' income decreased \$9.9 billion in September, in contrast to an increase of \$5.2 billion in August. Farm proprietors' income increased \$2.2 billion, compared with an increase of \$2.4 billion. Nonfarm proprietors' income decreased \$12.1 billion, in contrast to an increase of \$2.7 billion.

Transfer payments increased \$7.0 billion in September, in contrast to a decrease of \$1.8 billion in August. The decrease in August reflected the one-time payments of \$11.2 billion (at an annual rate) to social security recipients and of \$1.5 billion to supplemental security income recipients, which boosted transfer payments in July. These payments were made to correct for the underpayment of benefits. Personal interest income decreased \$2.8 billion in September, compared with a decrease of \$3.0 billion in August. Personal dividend income increased \$2.9 billion, compared with an increase of \$3.2 billion. Rental income of persons increased \$0.4 billion, compared with an increase of \$1.6 billion.

Personal contributions for social insurance -- a subtraction in calculating personal income -- decreased \$0.3 billion in September, compared with a decrease of \$0.4 billion in August.

Personal taxes and disposable personal income

Personal tax and nontax payments increased \$87.5 billion in September, in contrast to a decrease of \$138.1 billion in August and a decrease of \$96.5 billion in July. Changes in personal tax and nontax payments reflected advance refund checks sent to taxpayers beginning in July, which subtracted \$131.2 in September (at an annual rate), \$209.4 billion in August, and \$81.4 billion in July, and a reduction in income tax withholding rates, which subtracted \$13.7 billion in September, August, and July. Disposable personal income (DPI) -- personal income less personal tax and nontax payments -- decreased \$86.7 billion, or 1.1 percent, in September, increased \$145.0 billion, or 1.9 percent, in August, and increased \$131.3 billion, or 1.8 percent, in July.

Personal outlays and personal saving

Personal outlays -- PCE, interest paid by persons, and personal transfer payments to the rest of the world (net) -- decreased \$131.4 billion in September, in contrast to an increase of \$22.0 billion in August. PCE decreased \$130.2 billion, in contrast to an increase of \$23.3 billion. Purchases of durable goods decreased \$27.2 billion, compared with a decrease of \$2.7 billion. Purchases of nondurable goods decreased \$27.3 billion, in contrast to an increase of \$5.9 billion. Purchases of services decreased \$75.8 billion, in contrast to an increase of \$20.1 billion. As mentioned above, much of the decrease in PCE for services reflected benefits payable for life insurance, workers' compensation, and motor vehicle insurance, which were treated as reductions in the average net premiums paid for insurance services.

Personal saving -- DPI less personal outlays -- was \$357.4 billion in September, compared with \$312.8 billion in August. Personal saving as a percentage of disposable personal income was 4.7 percent in September, compared with 4.1 percent in August.

Real DPI and real PCE

Real DPI -- DPI adjusted to remove price changes -- decreased 0.6 percent in September, in contrast to an increase of 1.9 percent in August.

Real PCE -- PCE adjusted to remove price changes -- decreased 1.3 percent in September, in contrast to an increase of 0.3 percent in August. Purchases of durable goods decreased 2.8 percent, in contrast to an increase of 0.1 percent. Purchases of motor vehicles and parts accounted for about half of the September decrease. Purchases of nondurable goods decreased 2.4 percent in September, in contrast to an increase of 0.6 percent in August. Purchases of services decreased 0.4 percent, in contrast to an increase of 0.2 percent.

As discussed above, the implicit prices for insurance declined because the increase in benefit payments resulted in a reduction in the average net premium paid for insurance services. The PCE price index decreased 0.6 percent in September; excluding the insurance-related price effects, the PCE price index increased 0.3 percent.

Revisions

Estimates have been revised for July and August. Changes in personal income, current-dollar and chained (1996) dollar DPI, and current-dollar and chained (1996) dollar PCE for July and August -- revised and as published in last month's release -- are shown below.

	Change from preceding month							
	July				August			
	Previous	Revised	Previous	Revised	Previous	Revised	Previous	Revised
	(Dollars)	(Dollars)	(Percent)	(Percent)	(Dollars)	(Dollars)	(Percent)	(Percent)
Personal Income:								
Current dollars.....	44.1	34.9	0.5	0.4	1.8	6.8	0.0	0.1
Disposable personal income:								
Current dollars.....	128.9	131.3	1.7	1.8	141.0	145.0	1.9	1.9
Chained (1996) dollars..	122.6	122.7	1.8	1.8	128.7	130.4	1.9	1.9
Personal consumption expenditures:								
Current dollars.....	15.7	14.1	0.2	0.2	14.9	23.3	0.2	0.3
Chained (1996) dollars..	19.2	15.7	0.3	0.2	13.6	19.6	0.2	0.3

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Next release -- Personal Income and Outlays for October will be released on December 3, 2001, at 8:30 A.M. EST.

Table 1.-Personal Income
 [Billions of dollars; months seasonally adjusted at annual rates]

	1999	2000	Apr 01	May 01	Jun 01	Jul 01/r/	Aug 01/r/	Sep 01/p/
Personal income.....	7,777.3	8,319.2	8,697.0	8,709.3	8,737.6	8,772.5	8,779.3	8,780.1
Wage and salary disbursements....	4,472.2	4,837.2	5,092.8	5,091.7	5,115.0	5,128.4	5,128.9	5,130.9
Private industries.....	3,747.9	4,068.8	4,296.7	4,292.7	4,311.3	4,320.1	4,317.5	4,314.8
Goods-producing industries....	1,088.7	1,163.7	1,208.1	1,203.5	1,201.7	1,203.7	1,200.7	1,198.0
Manufacturing.....	782.0	830.1	856.8	848.2	845.5	847.5	843.4	839.6
Distributive industries.....	1,021.0	1,095.6	1,146.9	1,145.2	1,152.4	1,152.3	1,149.3	1,145.2
Service industries.....	1,638.2	1,809.5	1,941.7	1,944.0	1,957.2	1,964.1	1,967.5	1,971.6
Government.....	724.3	768.4	796.1	799.0	803.7	808.3	811.5	816.2
Other labor income.....	509.7	534.2	551.3	552.0	553.3	554.4	555.3	556.1
Proprietors' income with inventory valuation and capital consumption adjustments.....	672.0	715.0	740.0	746.0	750.1	752.1	757.3	747.4
Farm.....	26.6	30.6	29.0	28.8	28.3	29.5	31.9	34.1
Nonfarm.....	645.4	684.4	711.0	717.1	721.8	722.7	725.4	713.3
Rental income of persons with capital consumption adjustment...	147.7	141.6	138.1	140.3	138.6	142.4	144.0	144.4
Personal dividend income.....	343.1	379.2	409.6	411.9	414.3	416.9	420.1	423.0
Personal interest income.....	950.0	1,000.6	1,005.1	1,000.7	997.2	994.2	991.2	988.4
Transfer payments to persons.....	1,019.6	1,069.1	1,134.1	1,140.3	1,143.6	1,158.9	1,157.1	1,164.1
Old-age, survivors, disability, and health insurance benefits..	588.0	617.3	658.7	660.7	660.8	672.6	669.5	673.3
Government unemployment insurance benefits.....	20.3	20.3	23.2	23.1	23.0	23.4	23.7	24.9
Other.....	411.2	431.5	452.3	456.4	459.9	462.8	463.9	465.9
Less: Personal contributions for social insurance.....	337.1	357.7	374.0	373.5	374.5	375.0	374.6	374.3

p Preliminary.

r Revised.

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

Table 2.-The Disposition of Personal Income
[Billions of dollars]

	1999	2000	Apr 01	May 01	Jun 01	Jul 01/r/	Aug 01/r/	Sep 01/p/
Personal income.....	7,777.3	8,319.2	8,697.0	8,709.3	8,737.6	8,772.5	8,779.3	8,780.1
Less: Personal tax and nontax payments.....	1,159.2	1,288.2	1,348.9	1,349.0	1,356.4	1,259.9	1,121.8	1,209.3
Equals: Disposable personal income..	6,618.0	7,031.0	7,348.1	7,360.3	7,381.2	7,512.5	7,657.5	7,570.8
Less: Personal outlays.....	6,457.2	6,963.3	7,254.5	7,280.8	7,309.7	7,322.7	7,344.7	7,213.3
Personal consumption expenditures.	6,250.2	6,728.4	7,017.3	7,043.7	7,072.8	7,086.9	7,110.2	6,980.0
Interest paid by persons.....	179.7	205.3	206.5	206.3	206.2	205.1	203.8	202.6
Personal transfer payments to the rest of the world (net).....	27.2	29.6	30.8	30.8	30.8	30.7	30.7	30.7
Equals: Personal saving.....	160.9	67.7	93.6	79.5	71.4	189.8	312.8	357.4
Addenda:								
Disposable personal income:								
Chained (1996) dollars\1\.....	6,320.0	6,539.2	6,712.4	6,717.7	6,727.4	6,850.1	6,980.5	6,941.4
Per capita:								
Current dollars.....	24,242	25,528	26,486	26,509	26,564	27,016	27,516	27,183
Chained (1996) dollars.....	23,150	23,742	24,194	24,195	24,211	24,634	25,083	24,924
Population (thousands)\2\.....	272,996	275,423	277,436	277,649	277,864	278,078	278,292	278,506
Personal saving as a percentage of disposable personal income....	2.4	1.0	1.3	1.1	1.0	2.5	4.1	4.7

p Preliminary.

r Revised.

1. Equals disposable personal income deflated by the implicit price deflator for personal consumption expenditures.

2. Population is the total population of the United States, including the Armed Forces overseas and the institutionalized population. The monthly estimate is the average of estimates for the first of the month and the first of the following month; the annual estimate is the average of the monthly estimates.

Prior to January 2001, first-of-the-month estimates are from Census Bureau surveys and are consistent with the 1990 Census of Population. Beginning with January 2001, first-of-the-month estimates are derived by BEA based on extrapolations of the Census Bureau estimates.

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

Table 3.-Personal Income and Its Disposition, Change from Preceding Period
[Billions of dollars]

	1999	2000	Apr 01	May 01	Jun 01	Jul 01/r/	Aug 01/r/	Sep 01/p/
Personal income.....	351.3	541.9	20.8	12.3	28.3	34.9	6.8	.8
Wage and salary disbursements.....	279.4	365.0	19.0	-1.1	23.3	13.4	.5	2.0
Private industries.....	247.8	320.9	15.6	-4.0	18.6	8.8	-2.6	-2.7
Goods-producing industries....	50.2	75.0	-2.5	-4.6	-1.8	2.0	-3.0	-2.7
Manufacturing.....	25.4	48.1	3.1	-8.6	-2.7	2.0	-4.1	-3.8
Distributive industries.....	72.1	74.6	4.7	-1.7	7.2	-.1	-3.0	-4.1
Service industries.....	125.5	171.3	13.4	2.3	13.2	6.9	3.4	4.1
Government.....	31.6	44.1	3.4	2.9	4.7	4.6	3.2	4.7
Other labor income.....	19.1	24.5	1.0	.7	1.3	1.1	.9	.8
Proprietors' income with inventory valuation and capital consumption adjustments.....	48.2	43.0	-.2	6.0	4.1	2.0	5.2	-9.9
Farm.....	1.0	4.0	.6	-.2	-.5	1.2	2.4	2.2
Nonfarm.....	47.2	39.0	-.8	6.1	4.7	.9	2.7	-12.1
Rental income of persons with capital consumption adjustment...	9.1	-6.1	.2	2.2	-1.7	3.8	1.6	.4
Personal dividend income.....	-5.2	36.1	2.4	2.3	2.4	2.6	3.2	2.9
Personal interest income.....	-14.4	50.6	-4.0	-4.4	-3.5	-3.0	-3.0	-2.8
Transfer payments to persons.....	35.9	49.5	3.1	6.2	3.3	15.3	-1.8	7.0
Old-age, survivors, disability, and health insurance benefits..	9.9	29.3	2.7	2.0	.1	11.8	-3.1	3.8
Government unemployment insurance benefits.....	.8	.0	.4	-.1	-.1	.4	.3	1.2
Other.....	25.1	20.3	.1	4.1	3.5	2.9	1.1	2.0
Less: Personal contributions for social insurance.....	20.8	20.6	.8	-.5	1.0	.5	-.4	-.3
Less: Personal tax and nontax payments.....	88.8	129.0	-.5	.1	7.4	-96.5	-138.1	87.5
Equals: Disposable personal income..	262.4	413.0	21.2	12.2	20.9	131.3	145.0	-86.7
Less: Personal outlays.....	403.1	506.1	23.7	26.3	28.9	13.0	22.0	-131.4
Personal consumption expenditures.	394.2	478.2	23.3	26.4	29.1	14.1	23.3	-130.2
Interest paid by persons.....	6.0	25.6	-.2	-.2	-.1	-1.1	-1.3	-1.2
Personal transfer payments to the rest of the world (net).....	2.9	2.4	.7	.0	.0	-.1	.0	.0
Equals: Personal saving.....	-140.6	-93.2	-2.4	-14.1	-8.1	118.4	123.0	44.6
Addendum: Disposable personal income: chained (1996) dollars\1\.....	151.4	219.2	7.5	5.3	9.7	122.7	130.4	-39.1

p Preliminary.

r Revised.

1. Equals disposable personal income deflated by the implicit price deflator for personal consumption expenditures.

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

Table 4- Personal Consumption Expenditures by Major Type of Product
 [Billions of dollars; months seasonally adjusted at annual rates]

	1999	2000	Apr 01	May 01	Jun 01	Jul 01/r/	Aug 01/r/	Sep 01/p/
Billions of current dollars								
Personal consumption expenditures...	6,250.2	6,728.4	7,017.3	7,043.7	7,072.8	7,086.9	7,110.2	6,980.0
Durable goods.....	760.9	819.6	840.2	837.6	856.4	853.1	850.4	823.2
Nondurable goods.....	1,831.3	1,989.6	2,055.3	2,067.6	2,064.0	2,063.0	2,068.9	2,041.6
Services.....	3,658.0	3,919.2	4,121.8	4,138.5	4,152.3	4,170.8	4,190.9	4,115.1
Billions of chained (1996) dollars								
Personal consumption expenditures...	5,968.4	6,257.8	6,410.2	6,428.8	6,446.3	6,462.0	6,481.6	6,399.8
Durable goods.....	817.8	895.5	930.1	931.3	952.9	950.0	951.4	924.6
Nondurable goods.....	1,766.4	1,849.9	1,877.1	1,882.1	1,878.8	1,890.0	1,900.8	1,855.7
Services.....	3,393.2	3,527.7	3,620.7	3,632.7	3,635.8	3,642.5	3,649.8	3,635.6
Chain-type price indexes (1996=100)								
Personal consumption expenditures...	104.72	107.52	109.48	109.57	109.73	109.68	109.71	109.07
Durable goods.....	93.04	91.53	90.33	89.93	89.88	89.81	89.39	89.05
Nondurable goods.....	103.67	107.55	109.50	109.86	109.86	109.15	108.85	110.02
Services.....	107.80	111.10	113.85	113.93	114.22	114.52	114.84	113.20
Addendum:								
Personal consumption expenditures less food and energy.....	104.99	107.02	108.54	108.41	108.58	108.85	108.94	107.96
Change from preceding period								
Billions of current dollars								
Personal consumption expenditures...	394.2	478.2	23.3	26.4	29.1	14.1	23.3	-130.2
Durable goods.....	67.7	58.7	2.5	-2.6	18.8	-3.3	-2.7	-27.2
Nondurable goods.....	122.8	158.3	18.8	12.3	-3.6	-1.0	5.9	-27.3
Services.....	203.7	261.2	2.0	16.7	13.8	18.5	20.1	-75.8
Billions of chained (1996) dollars								
Personal consumption expenditures...	284.7	289.4	9.9	18.6	17.5	15.7	19.6	-81.8
Durable goods.....	91.1	77.7	4.8	1.2	21.6	-2.9	1.4	-26.8
Nondurable goods.....	80.0	83.5	9.0	5.0	-3.3	11.2	10.8	-45.1
Services.....	119.8	134.5	-3.0	12.0	3.1	6.7	7.3	-14.2

p Preliminary.
 r Revised.

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

Table 5.-Percent Change From Preceding Period in Selected Series

	1999	2000	Apr 01	May 01	Jun 01	Jul 01/r/	Aug 01/r/	Sep 01/p/
Based on current dollars								
Personal income.....	4.7	7.0	.2	.1	.3	.4	.1	.0
Disposable personal income.....	4.1	6.2	.3	.2	.3	1.8	1.9	-1.1
Personal consumption expenditures...	6.7	7.7	.3	.4	.4	.2	.3	-1.8
Durable goods.....	9.8	7.7	.3	-.3	2.2	-.4	-.3	-3.2
Nondurable goods.....	7.2	8.6	.9	.6	-.2	-.1	.3	-1.3
Services.....	5.9	7.1	.0	.4	.3	.4	.5	-1.8
Based on chained (1996) dollars								
Disposable personal income.....	2.5	3.5	.1	.1	.1	1.8	1.9	-.6
Personal consumption expenditures...	5.0	4.8	.2	.3	.3	.2	.3	-1.3
Durable goods.....	12.5	9.5	.5	.1	2.3	-.3	.1	-2.8
Nondurable goods.....	4.7	4.7	.5	.3	-.2	.6	.6	-2.4
Services.....	3.7	4.0	-.1	.3	.1	.2	.2	-.4

p Preliminary.
r Revised.

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