

BUSINESS SITUATION

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REAL gross domestic product (GDP) increased 0.7 percent in the second quarter, the fourth consecutive period of sub-par growth.¹ From the trough of the business cycle in the first quarter of 1991 to the second quarter of 2000, growth had averaged 3.6 percent and had been led by business investment in high-tech equipment and software, by exports, and by consumer spending fueled by soaring household wealth. Over the past four quarters, investment and exports have been cut back, consumer spending has eased off as household wealth has declined along with stock prices, and GDP growth has slowed to an average of 1.3 percent.

1. Estimates for the first quarter of 2001, along with estimates for 1998–2000, have been revised as part of the annual revision of the national income and product accounts. See Brent R. Moulton, Eugene P. Seskin, and David F. Sullivan, "Annual Revision of the National Income and Product Accounts: Annual Estimates, 1998–2000, and Quarterly Estimates, 1998:I–2001:I" in this issue.

According to the "advance" estimates of the national income and product accounts (NIPAs) for the second quarter:

- The increase in real GDP was about half as large as in the first quarter, which itself was less than in the fourth quarter of 2000 (table 1 and chart 1).²
- Gross domestic purchases—a measure of domestic demand for goods and services regard-

2. 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 quarterly weights for all quarters; real estimates are expressed both as index numbers (1996=100) and as chained (1996) dollars. Price indexes (1996=100) are also calculated using a chain-type Fisher formula.

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 (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				2000		2001	
		2001	2000	2001		III	IV	I	II
	II	III	IV	I	II				
Gross domestic product	9,351.6	30.7	43.8	30.6	17.1	1.3	1.9	1.3	0.7
Less: Exports of goods and services	1,114.6	28.7	-11.8	-3.4	-29.5	10.6	-4.0	-1.2	-9.9
Plus: Imports of goods and services	1,522.0	47.2	-2.1	-19.9	-26.6	13.0	-0.5	-5.0	-6.7
Equals: Gross domestic purchases	9,730.8	47.0	52.9	16.0	20.4	2.0	2.2	0.7	0.8
Less: Change in private inventories	-26.9	-27.2	-8.9	-69.9	0.2				
Equals: Final sales to domestic purchasers	9,744.5	68.9	64.6	76.7	20.7	2.9	2.7	3.2	0.9
Personal consumption expenditures	6,422.5	65.8	49.0	47.4	34.0	4.3	3.1	3.0	2.1
Durable goods	935.9	17.6	-4.7	23.0	13.5	8.2	-2.1	10.6	6.0
Nondurable goods	1,880.1	19.2	2.7	11.2	2.1	4.2	0.6	2.4	0.4
Services	3,625.2	30.6	48.6	16.3	20.1	3.5	5.6	1.8	2.2
Private fixed investment	1,701.3	10.9	2.0	8.2	-39.0	2.5	0.5	1.9	-8.7
Nonresidential	1,324.5	23.4	3.4	-0.6	-49.4	7.1	1.0	-0.2	-13.6
Structures	283.1	9.7	5.1	8.4	-8.6	15.2	7.6	12.3	-11.2
Equipment and software	1,046.0	12.7	-3.0	-11.6	-41.7	4.7	-1.1	-4.1	-14.5
Residential	379.6	-10.2	-1.0	7.6	6.7	-10.4	-1.1	8.5	7.4
Government consumption expenditures and gross investment	1,625.0	-7.2	12.8	20.6	21.6	-1.8	3.3	5.3	5.5
Federal	554.4	-15.1	6.1	4.3	2.2	-10.4	4.6	3.2	1.6
National defense	362.0	-9.7	8.7	6.5	1.7	-10.4	10.5	7.5	1.9
Nondefense	192.3	-5.5	-2.5	-2.2	0.5	-10.4	-5.1	-4.3	0.9
State and local	1,069.7	7.5	6.7	16.2	19.2	3.0	2.7	6.4	7.5
Addendum: Final sales of domestic product	9,365.1	52.8	55.4	91.1	17.3	2.3	2.4	4.0	0.7

NOTE.—Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 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 (1996) dollar levels and residuals, which measure the extent of nonadditivity in each table, are shown in NIPA tables 1.2, 1.4, and 1.6. Percent changes are calculated from unrounded data. Percent changes in major aggregates are shown in NIPA table S.1. (See "National Income and Product Accounts Tables" in this issue.)

CHART 1

Selected Measures: Change From Preceding Quarter

Percent



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

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less of where they were produced—increased about as much as GDP.³

• Consumer spending and government spending were the biggest contributors to the increase in real GDP in the second quarter, as they were in the two preceding quarters (table 2). The largest offset in the second quarter was a sharp drop in nonresi-

dential fixed investment that subtracted almost 1.9 percentage points from GDP growth.⁴

• Final sales of domestic product—GDP less inventory investment—increased 0.7 percent, its weakest showing since a 1.1-percent decrease in the first quarter of 1993.

• The production of goods decreased for the third consecutive quarter, and the production of structures slowed; in contrast, the production of services increased as much as in the first quarter (table 3).

• The second-quarter slowdown in GDP growth reflected bigger decreases in nonresidential fixed investment and in exports than in the first quarter and a slowdown in consumer spending.

• Inventory stocks were liquidated at about the same rate as in the first quarter; in contrast, stocks had accumulated substantially in the fourth quarter.

• Real disposable personal income increased 2.5 percent after increasing 2.7 percent, and the personal saving rate increased to 1.2 percent from 1.1 percent.⁵

• Real final sales of computers decreased sharply, while real motor vehicle output turned up (table 3).

Computers.—Real final sales of computers decreased 27.7 percent, the first decrease in 9 years. Business purchases, exports, and purchases by

3. Gross domestic purchases is calculated as the sum of personal consumption expenditures, gross private domestic investment, and government consumption expenditures and gross investment; thus, gross domestic purchases includes imports of goods and services, which are subtracted in the calculation of GDP, and does not include exports of goods and services, which are added in the calculation of GDP.

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

[Seasonally adjusted at annual rates]

	2000		2001	
	III	IV	I	II
Percent change at annual rate:				
Gross domestic product	1.3	1.9	1.3	0.7
Percentage points at annual rates:				
Personal consumption expenditures	2.88	2.14	2.05	1.44
Durable goods	0.65	-0.17	0.83	0.48
Nondurable goods	0.84	0.12	0.49	0.08
Services	1.38	2.19	0.73	0.89
Gross private domestic investment	-0.51	-0.42	-2.28	-1.52
Fixed investment	0.44	0.09	0.33	-1.55
Nonresidential	0.91	0.13	-0.02	-1.86
Structures	0.45	0.24	0.39	-0.40
Equipment and software	0.46	-0.11	-0.41	-1.45
Residential	-0.47	-0.05	0.35	0.31
Change in private inventories	-0.95	-0.50	-2.61	0.03
Net exports of goods and services	-0.70	-0.39	0.63	-0.14
Exports	1.13	-0.46	-0.13	-1.13
Goods	1.36	-0.58	-0.19	-1.13
Services	-0.22	0.12	0.06	-0.01
Imports	-1.84	0.07	0.76	1.00
Goods	-1.48	0.07	0.87	1.03
Services	-0.36	0	-0.11	-0.03
Government consumption expenditures and gross investment	-0.32	0.58	0.92	0.95
Federal	-0.66	0.27	0.19	0.09
National defense	-0.42	0.38	0.28	0.07
Nondefense	-0.24	-0.11	-0.09	0.02
State and local	0.34	0.31	0.73	0.86

NOTE.—More detailed contributions to percent change in real gross domestic product are shown in NIPA table 8.2. Contributions to percent change in major components of real gross domestic product are shown in tables 8.3 through 8.6.

4. In the NIPA's, consumer spending is shown as personal consumption expenditures, government spending is shown as government consumption expenditures and gross investment, and inventory investment is shown as change in private inventories.

5. The personal saving rate is measured as personal saving as a percentage of current-dollar disposable personal income. The second-quarter estimate of the national saving rate (which is measured as gross saving as a percentage of gross national product) will be available at the end of August along with the "preliminary" estimate of second-quarter GDP.

Table 3.—Real Gross Domestic Product by Type of Product

[Seasonally adjusted at annual rates]

	Billions of chained (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				2000		2001	
		2001	2000		2001		III	IV	I
		II	III	IV	I	II			
Gross domestic product	9,351.6	30.7	43.8	30.6	17.1	1.3	1.9	1.3	0.7
Goods	3,684.0	19.0	-22.6	-24.1	-22.2	2.1	-2.4	-2.6	-2.4
Services	4,842.7	13.1	57.4	26.2	26.6	1.1	4.9	2.2	2.2
Structures	826.5	-0.3	4.4	23.3	8.9	-0.2	2.2	12.3	4.4
Addenda:									
Motor vehicle output	332.9	-12.2	-19.1	-15.0	14.8	-12.8	-20.0	-16.9	20.0
Gross domestic product less motor vehicle output	9,017.6	42.1	61.3	44.2	3.6	1.9	2.8	2.0	0.2
Final sales of computers						39.1	30.0	9.0	-27.7
Gross domestic product less final sales of computers						1.0	1.6	1.2	1.1

NOTE.—See note to table 1 for an explanation of chained (1996) dollar series. Chained (1996) dollar levels and residuals for most items are shown in NIPA table 1.4. Detail on motor vehicle output is shown in NIPA table 8.9B.

government all decreased more than in the first quarter. In contrast, consumer purchases accelerated in both quarters.

Computer prices declined less than in the first quarter. Software prices increased slightly in both quarters.

Motor vehicles.—Real motor vehicle output turned up after decreasing for five quarters. Final sales to domestic purchasers increased slightly after a sub-

stantial increase in the first quarter, and inventories were reduced considerably less in the second quarter than in the first.

Consumer purchases of motor vehicles changed little after increasing. Financial factors specific to motor vehicle purchases were generally favorable. Manufacturers continued to offer sales-incentive programs on a broad selection of new models. Interest rates on new-car loans at commercial banks decreased for the second consecutive quarter. New

Second-Quarter 2001 Advance GDP Estimate: Source Data and Assumptions

The “advance” GDP estimate for the second quarter is based on source data that are incomplete and subject to revision; as more and better data become available, the GDP 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), unit auto and truck sales (3), and consumers’ shares of new-car and new-truck purchases (2);

Nonresidential fixed investment: Unit auto and truck sales (3), construction put in place (2), manufacturers’ shipments of machinery and equipment other than aircraft (3), shipments of civilian aircraft (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 private inventories: Trade and nondurable man-

ufacturing inventories (2), durable manufacturing inventories (3), 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: Some Federal outlays were available for 2 months, others for 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 indexes (3), producer price indexes (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 list is available on BEA’s Web site at <www.bea.doc.gov> and on STAT-USA’s Web site at <www.stat-usa.gov>.

Table A.—Summary of Major Data Assumptions for Advance Estimates, 2001:II

[Billions of dollars, seasonally adjusted at annual rates]

	2001					
	January	February	March	April ¹	May	June ¹
Private fixed investment						
Nonresidential structures:						
Buildings:						
Value of new nonresidential construction put in place	223.8	220.2	225.9	217.4	210.3	212.3
Equipment and software:						
Manufacturers’ shipments of complete aircraft	33.8	45.0	39.0	33.6	37.9	42.2
Residential structures:						
Value of new residential construction put in place:						
1-unit structures	239.7	245.6	244.4	245.4	247.5	250.5
2-unit-or-more	29.4	29.9	29.5	29.7	30.4	30.7
Change in private inventories:						
Change in inventories for manufacturing and trade (except nonmerchandise wholesalers) for industries other than motor vehicles and equipment in trade	30.5	-17.1	-43.3	-17.0	3.1	-35.2
Net exports: ²						
Exports of goods:						
U.S. exports of goods, international-transactions-accounts basis	783.7	789.0	766.6	746.0	753.9	757.3
Excluding gold	777.9	782.2	759.0	738.2	746.0	750.8
Imports of goods:						
U.S. imports of goods, international-transactions-accounts basis	1,253.2	1,204.3	1,232.0	1,197.9	1,166.7	1,183.2
Excluding gold	1,247.0	1,198.4	1,225.8	1,192.3	1,158.9	1,176.7
Net exports of goods	-469.5	-415.4	-465.4	-451.9	-412.8	-425.9
Excluding gold	-469.1	-416.2	-466.8	-454.1	-412.9	-425.9
Government:						
State and local:						
Structures:						
Value of new construction put in place	178.6	179.4	180.7	191.6	200.3	195.3

1. Assumption.

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.

motor-vehicle prices decreased after increasing slightly.

Business purchases of new autos and new light trucks increased less than in the first quarter. Purchases of “other” trucks declined for the sixth consecutive quarter.⁶

6. “Other” trucks have a gross vehicle weight of over 10,000 pounds; these trucks range from medium-duty general delivery trucks to heavy-duty diesel tractor-trailers.

Motor vehicle inventories decreased less than in the first quarter, but the decrease was still substantial. For the two quarters combined, the liquidation was comparable to that of 1990–91. The inventory-sales ratio for new domestic autos, which is calculated from units data, edged down to 2.1 in the second quarter from 2.2 in the first; the ratio peaked at 2.5 in the fourth quarter of 2000.

Selected NIPA Definitions

Gross domestic product (GDP), the featured measure of U.S. output, is the market value of the goods and services *produced by labor and property located in the United States*.¹ Because the labor and property are located in the United States, the suppliers (that is, the workers and, for property, the owners) may be either U.S. residents or residents of the rest of the world.

GDP is measured as the sum of personal consumption expenditures, gross private domestic investment (including change in private inventories and before deduction of charges for CFC), net exports of goods and services (exports less imports), and government consumption expenditures and gross investment. GDP excludes intermediate purchases of goods and services by business.

Gross domestic purchases is the market value of goods and services purchased by U.S. residents, regardless of where those goods and services were produced. It is GDP minus net exports of goods and services; equivalently, it is the sum of PCE, gross private domestic investment, and government consumption expenditures and gross investment.

Final sales of domestic product is GDP minus change in private inventories; equivalently, it is the sum of PCE, private *fixed* investment, government consumption expenditures and gross investment, and net exports of goods and services.

Personal income is the income received by persons from all sources—that is, from participation in production, from both government and business transfer payments, and from government interest (which is treated like a transfer payment). “Persons” consists of individuals, nonprofit institutions that primarily serve individuals, private noninsured welfare funds, and private trust funds. Personal income is calculated as the sum of wage and salary dis-

bursements, other labor income, proprietors’ income with IVA and CCA_{adj}, rental income of persons with CCA_{adj}, personal dividend income, personal interest income, and transfer payments to persons, less personal contributions for social insurance.

Personal tax and nontax payments is tax payments (net of refunds) by U.S. residents that are not chargeable to business expense and certain other personal payments to government agencies (except government enterprises) that are treated like taxes. Personal taxes includes taxes on income, including realized net capital gains, and on personal property. Nontaxes includes donations and fees, fines, and forfeitures. Personal contributions for social insurance is not included. Taxes paid by U.S. residents to foreign governments and taxes paid by foreigners to the U.S. Government are both included in transfer payments to the rest of the world (net).

Disposable personal income is personal income less personal tax and nontax payments. It is the income available to persons for spending or saving.

U.S. residents are individuals, governments, business enterprises, trusts, associations, nonprofit organizations, and similar institutions that have the center of their economic interest in the United States and that reside or expect to reside in the United States for 1 year or more. (For example, business enterprises resident in the United States include U.S. affiliates of foreign companies.) In addition, U.S. residents include all U.S. citizens who reside outside the United States for less than 1 year and U.S. citizens residing abroad for 1 year or more who meet one of the following criteria: Owners or employees of U.S. business enterprises who reside abroad to further the enterprises’ business and who intend to return within a reasonable period; U.S. Government civilian and military employees and members of their immediate families; and students who attend foreign educational institutions.

1. In the NIPA’s, the United States consists of the 50 States (before 1960, Alaska and Hawaii were not included), the District of Columbia, and U.S. military installations, embassies, and consulates abroad.

NOTE.—These definitions are from the soon-to-be-available updated guide to the NIPA’s, which will be posted on BEA’s Web site at <www.bea.doc.gov>.

Prices

The price index for gross domestic purchases, which measures the prices of goods and services purchased by U.S. residents, increased 1.5 percent in the second quarter after increasing 2.7 percent in the first. Prices of gross domestic purchases less food and energy posted a similar slowdown, from 2.3 percent to 1.1 percent (table 4 and chart 2). The slowdowns reflected decelerations in prices associated with consumer spending and government spending; in contrast, prices of nonresidential fixed investment decreased less than in the first quarter.

Prices of personal consumption expenditures (PCE) increased 1.7 percent after increasing 3.2 percent. Energy and food prices slowed, and other PCE prices increased less than half as much as in the first quarter. In energy goods and services, prices of electricity and gas turned down, more than offsetting an upturn in prices of gasoline, fuel oil, and other energy goods. In food, price decelerations and downturns were widespread. The deceleration in prices of PCE less food and energy partly reflected a slowdown in prices of medical care and a downturn in motor vehicle prices.

Prices paid by government increased 1.8 percent, about half as much as in the first quarter. Prices paid by the Federal Government slowed sharply after a first-quarter increase that reflected a pay raise for civilian and military personnel.⁷

7. In the NIPAs, an increase in the rate of Federal employee compensation is treated as an increase in the price of employee services purchased by the Federal Government.

Prices paid by State and local governments increased 2.0 percent after increasing 3.0 percent.

Prices of private nonresidential fixed investment decreased 0.3 percent after decreasing 1.9 percent. Prices of computers and peripheral equipment and of transportation equipment decreased much less than in the first quarter.

The GDP price index, which measures the prices paid for goods and services produced in the United States, increased 2.3 percent after increasing 3.3 percent. This index, unlike the price index for gross domestic purchases, includes the prices of exports and excludes the prices of imports. Import prices and export prices both decreased in the second quarter, but the decrease in import prices was the more pronounced. Prices decreased for all of the major end-use categories of imported goods; the largest drop was for industrial supplies and materials excluding petroleum.

Table 4.—Price Indexes

[Percent change at annual rates; based on seasonally adjusted index numbers (1996=100)]

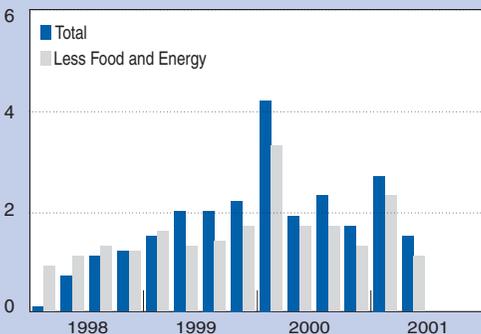
	2000		2001	
	III	IV	I	II
Gross domestic product	1.9	1.8	3.3	2.3
Less: Exports of goods and services	1.3	0.5	-0.1	-0.5
Plus: Imports of goods and services	4.4	0.4	-3.0	-5.3
Equals: Gross domestic purchases	2.3	1.7	2.7	1.5
Less: Change in private inventories
Equals: Final sales to domestic purchasers	2.3	1.8	2.6	1.5
Personal consumption expenditures	2.4	2.0	3.2	1.7
Durable goods	-2.2	-1.2	-0.7	-3.5
Nondurable goods	2.7	2.0	1.9	2.7
Services	3.2	2.6	4.7	2.3
Private fixed investment	1.9	0.8	-0.4	0.3
Nonresidential	1.3	0	-1.9	-0.3
Structures	4.7	4.7	6.2	4.3
Equipment and software	0.2	-1.5	-4.6	-1.9
Residential	3.7	3.5	4.6	2.1
Government consumption expenditures and gross investment	2.6	1.9	3.5	1.8
Federal	1.7	0.4	4.4	1.4
National defense	2.2	1.0	3.6	1.1
Nondefense	0.6	-0.7	5.8	2.0
State and local	3.1	2.7	3.0	2.0
Addenda:				
Gross domestic purchases: Food	3.6	1.6	4.1	2.6
Energy	13.8	11.3	9.3	6.4
Less food and energy	1.7	1.3	2.3	1.1
Personal consumption expenditures: Food	3.7	1.6	4.0	2.6
Energy goods and services ¹	11.7	10.5	11.7	9.3
Less food and energy	1.6	1.5	2.6	1.1

1. Consists of gasoline, fuel oil, and other energy goods, and of electricity and gas.
NOTE.—Percent changes in major aggregates are shown in NIPA table 8.1. Index numbers are shown in tables 7.1, 7.2, and 7.4.

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 (1996=100).

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Personal Income, next page.

Personal Income

Real disposable personal income (DPI) increased 2.5 percent, almost as much as in the first quarter; in contrast, current-dollar DPI slowed to a 4.2-percent increase after increasing 6.0 percent. The smaller slowdown in the real measure reflected the deceleration in PCE prices.

Personal income, which is only available in current-dollars, increased \$81.1 billion after increasing \$120.6 billion (chart 3 and table 5).

Wage and salary disbursements turned down in goods-producing industries, and they increased less than in the first quarter in the distributive and service industries. Government wage and salary disbursements also increased less than in the first quarter; the first-quarter increase reflected the pay raise for Federal civilian and military personnel.

Transfer payments increased about half as much as in the first quarter when they were boosted by cost-of-living increases in social security and other Federal programs.

Personal contributions for social insurance, which is subtracted in calculating personal income, increased substantially less than in the first quarter. The first-quarter increase reflected an increase in the social security taxable earnings base and an increase in the premium for Medicare supplementary medical insurance.

Personal tax and nontax payments also increased less than in the first quarter. A downturn in State and local income taxes reflected the pattern of State tax refunds, and a deceleration in Federal income taxes reflected the pattern of nonwithheld tax collections.

Personal interest income decreased more than in the first quarter. Both decreases reflected declining interest rates.

The personal saving rate (saving as a percentage of current-dollar DPI) increased to 1.2 percent from 1.1 percent. 

Table 5.—Personal Income and Its Disposition

[Billions of dollars; seasonally adjusted at annual rates]

	Level	Change from preceding quarter			
	2001	2000		2001	
	II	III	IV	I	II
Wage and salary disbursements	5,099.3	77.8	97.4	76.2	49.9
Private industries	4,300.4	73.5	93.4	64.0	39.8
Goods-producing industries	1,205.2	21.4	22.3	10.8	-1.1
Manufacturing	850.6	16.0	14.2	1.1	-2.7
Distributive industries	1,148.0	16.3	23.5	14.4	7.7
Service industries	1,947.2	35.9	47.6	38.8	33.2
Government	798.9	4.3	4.0	12.2	10.1
Other labor income	552.1	7.8	7.0	4.4	2.8
Proprietors' income with IVA and CCAAdj	747.2	1.4	5.9	10.0	12.0
Farm	29.3	-0.9	0.1	-1.9	-0.5
Nonfarm	717.9	2.2	5.9	11.9	12.5
Rental income of persons with CCAAdj	140.9	-3.1	3.4	-2.1	1.3
Personal dividend income	411.9	12.5	10.8	8.2	7.1
Personal interest income	1,005.7	9.3	3.9	-2.2	-5.2
Transfer payments to persons	1,138.3	8.3	14.4	34.1	15.2
Less: Personal contributions for social insurance	373.9	3.6	4.7	8.0	1.8
Personal income	8,721.3	110.5	138.1	120.6	81.1
Less: Personal tax and nontax payments	1,350.4	22.9	29.6	15.4	5.2
Equals: Disposable personal income	7,371.0	87.6	108.5	105.2	76.0
Less: Personal outlays	7,283.4	121.3	88.2	101.1	67.2
Equals: Personal saving	87.5	-33.6	20.2	4.1	8.7
Addenda: Special factors in personal income:					
In wages and salaries:					
Federal pay raise	5.7	0	0	5.2	0.5
In transfer payments to persons:					
Social security retroactive payments	0	0.6	0.5	-1.1	0
Cost-of-living adjustments in Federal transfer programs	16.6	0	0.3	16.3	0
In personal tax and nontax payments:					
Federal tax law changes	-4.5	0	0	-4.5	0
Refunds and State tax law changes	-7.9	-0.5	2.8	-0.8	-6.1

NOTE.—Most dollar levels are in NIPA table 2.1.

IVA Inventory valuation adjustment
CCAAdj Capital consumption adjustment

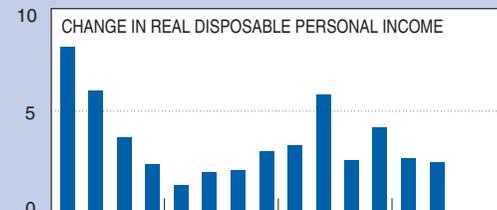
CHART 3

Selected Personal Income and Saving Measures

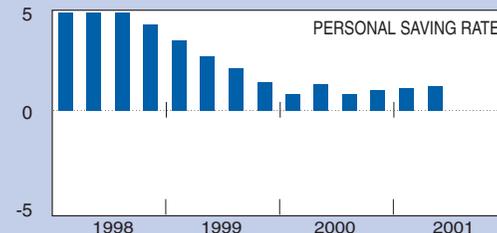
Billion \$



Percent



Percent



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

U.S. Bureau of Economic Analysis