

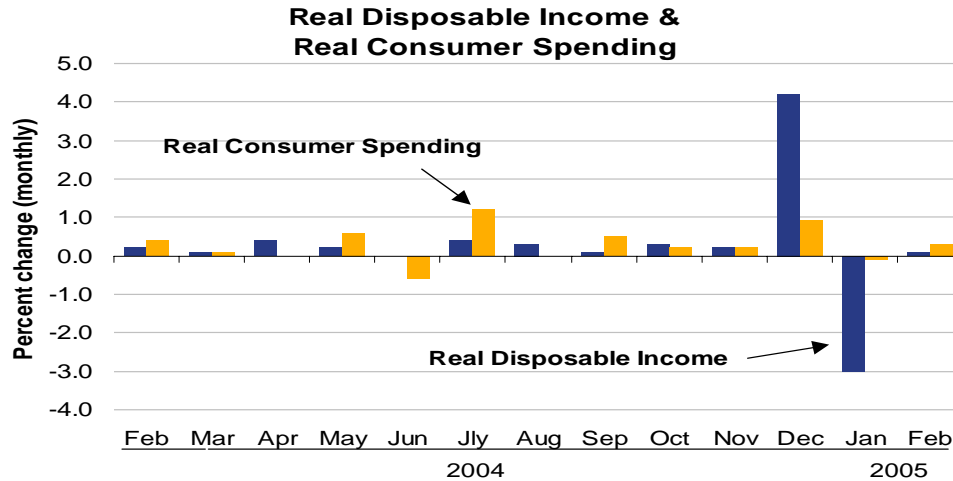


THURSDAY, MARCH 31, 2005

INCOME AND SPENDING INCREASE MODESTLY

Personal Income Estimates

The total income received by individuals, without adjusting for inflation, increased 0.3 percent in February, according to estimates released today by the U.S. Bureau of Economic Analysis. In January, income decreased 2.5 percent, reflecting the effect of payment of a special dividend by the Microsoft Corporation in December. Consumer spending, adjusted for inflation, also increased 0.3 percent in February after decreasing 0.1 percent in January.



After-tax income received by individuals, adjusted for inflation, increased 0.1 percent in February. This increase is mostly attributable to a \$16.9 billion dollar increase in compensation of employees.

Since February of last year, real disposable personal income has increased 3.3 percent, and real consumer spending has increased 3.5 percent. Personal income, not adjusted for inflation, has increased 5.8 percent from February of 2004.

Personal consumption expenditures increased by \$46.6 billion in February, including a \$24.2 billion increase in purchased services.

Personal saving was 0.6 percent of disposable personal income in February 2005.

Personal income—the total income received by individuals, before taxes and *not* adjusted for inflation—increased \$33.2 billion (or 0.3 percent) in February. In January, personal income decreased \$250.6 billion (or 2.5 percent) as a result of the Microsoft Corporation's payment of a special dividend in December.

- Wages and salaries, the largest component of personal income, increased \$10.3 billion in February.
- Personal current transfer receipts increased \$8.6 billion in February.
- Boosted by an increase in nonfarm income, proprietors' income increased \$7.4 billion in February.

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 March, along with revised estimates for January and February will be released on April 29, 2005.

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Bureau of Economic Analysis
U.S. Department of Commerce