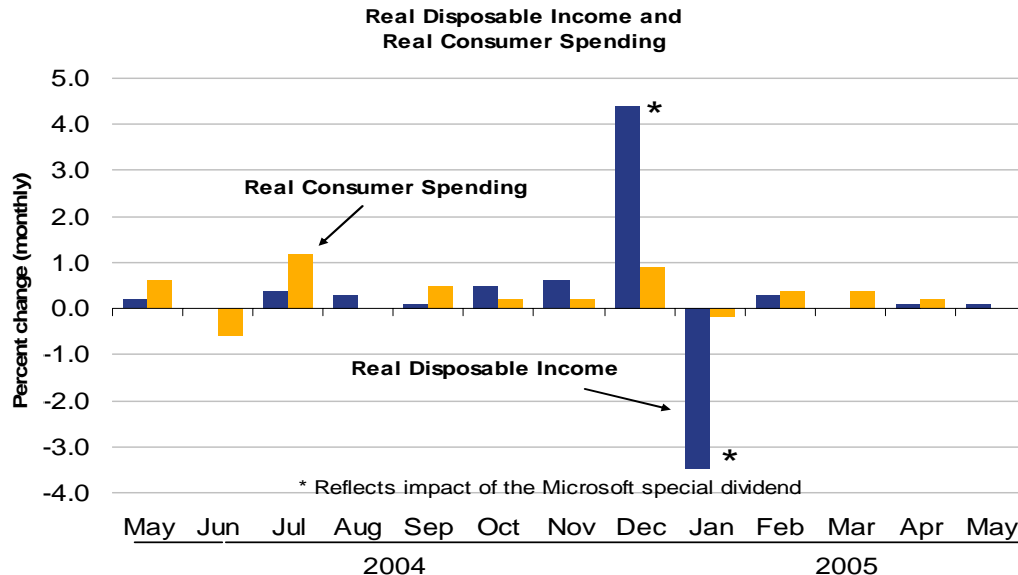# INFLATION-ADJUSTED INCOME AND CONSUMER SPENDING RELATIVELY FLAT IN MAY

Personal Income Estimates

After-tax income received by individuals, adjusted for inflation, increased 0.1 percent in May, after increasing at the same rate in April, according to estimates released today by the U.S. Bureau of Economic Analysis. Real consumer spending remained unchanged in May after increasing 0.2 percent in April. Over the last 12 months, real disposable personal income has increased 3.2 percent, and real consumer spending has increased 3.4 percent.

Real Disposable Income and Real Consumer Spending

* Reflects impact of the Microsoft special dividend

Personal income—the total income received by individuals, before taxes and *not* adjusted for inflation—increased $23.5 billion (or 0.2 percent) in May. In April, personal income increased $65.4 billion (or 0.6 percent).

- Wages and salaries, the largest component of personal income, increased $8.0 billion in May.

- Personal current transfer receipts (primarily social security benefits) increased $7.2 billion in May.

- Personal income receipts on assets (personal interest income plus personal dividend income) increased $7.1 billion in May.

Consumer spending *not* adjusted for inflation increased $0.5 billion in May. An increase in spending on services was mostly offset by decreases in spending on big-ticket items and on nondurable goods.

Personal saving was 0.6 percent of disposable personal income in May.

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NOTE: Monthly estimates are expressed at seasonally adjusted annual rates, unless otherwise specified. Month-to-month percent changes are calculated from unrounded data and are not annualized. "Real" estimates are in chained (2000) dollars.

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.

Estimates of personal income and outlays for June, along with revised estimates covering January 2002 through May 2005 will be released on August 2, 2005.

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                                                                          U.S. Department of Commerce