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PERSONAL INCOME AND OUTLAYS: JANUARY 2001

Personal income increased \$48.8 billion, or 0.6 percent, and disposable personal income (DPI) increased \$34.2 billion, or 0.5 percent, in January, according to the Bureau of Economic Analysis. Personal consumption expenditures (PCE) increased \$46.9 billion, or 0.7 percent. In December, personal income increased \$35.4 billion, or 0.4 percent, DPI increased \$28.1 billion, or 0.4 percent, and PCE increased \$26.4 billion, or 0.4 percent, based on revised estimates.

	2000				2001
	Sept.	Oct.	Nov.	Dec.	Jan.
		(Percent change from preceding month)			
Personal income, current dollars	1.1	-0.2	0.2	0.4	0.6
Disposable personal income:					
Current dollars	1.2	-.4	.1	.4	.5
Chained (1996) dollars	.8	-.5	-.1	.2	.0
Personal consumption expenditures:					
Current dollars	.8	.2	.3	.4	.7
Chained (1996) dollars	.5	.1	.1	.2	.2

The January change in personal income was affected by several special factors. The January change was boosted by cost-of-living adjustments to several federal transfer payment programs and by pay raises for federal civilian and military personnel. The January change was reduced by program changes affecting personal contributions for social insurance, by federal agricultural subsidy payments, and by lump-sum social security benefit payments that had boosted December personal income. Excluding these special factors, personal income increased \$40.6 billion, or 0.5 percent, in January, after increasing \$25.8 billion, or 0.3 percent, in December. These special factors are discussed more fully below.

Wages and salaries

Private wage and salary disbursements increased \$25.9 billion in January, compared with an increase of \$6.9 billion in December. Goods-producing industries' payrolls increased \$11.9 billion, in contrast to a decrease of \$8.6 billion; manufacturing payrolls increased \$2.5 billion, in contrast to a decrease of \$7.6 billion. Distributive industries' payrolls increased \$4.4 billion, compared with an increase of \$5.5 billion. Service industries' payrolls increased \$9.5 billion, compared with an increase of \$10.0 billion.

Government wage and salary disbursements increased \$9.4 billion in January, compared with an increase of \$1.2 billion in December. Pay raises for federal civilian and military personnel added \$5.5 billion to government payrolls in January.

Other personal income

Proprietors' income decreased \$2.4 billion in January, in contrast to an increase of \$7.4 billion in December. Farm proprietors' income decreased \$6.1 billion, in contrast to an increase of \$6.1 billion. The changes in farm proprietors' income reflected the pattern of specially authorized federal farm subsidy payments, which were \$0.8 billion (at an annual rate) in January, \$5.5 billion in December, and \$0.3 billion in November. Nonfarm proprietors' income increased \$3.7 billion in January, compared with an increase of \$1.3 billion in December.

Transfer payments increased \$18.0 billion in January, compared with an increase of \$11.7 billion in December. The changes in transfer payments reflected 3.5-percent cost-of-living adjustments to social security benefits and several other federal transfer payment programs, which added \$16.3 billion to the January change in transfer payments. The January change in transfer payments was reduced by lump-sum social security benefits payments, which had added \$3.3 billion to December transfer payments; these benefit payments resulted from a recalculation of the earnings base underlying the benefits for recent retirees.

Personal interest income increased \$1.4 billion in January, compared with an increase of \$1.5 billion in December. Personal dividend income increased \$2.2 billion, compared with an increase of \$2.7 billion. Rental income of persons decreased \$0.9 billion, in contrast to an increase of \$2.5 billion. The changes in rental income of persons reflected, in part, the pattern of specially authorized federal agricultural subsidy payments to owners of leased farm land, which were \$0.2 billion in January, \$1.2 billion in December, and \$0.1 billion in November.

Personal contributions for social insurance -- a subtraction in calculating personal income -- increased \$6.5 billion in January, compared with an increase of \$0.6 billion in December. The January increase reflected the effect of an increase in the social security taxable wage base for employees and the self-employed (from \$76,200 to \$80,400), which added \$2.6 billion to January personal contributions for social insurance. The January increase also reflected the effect of an increase in the monthly premium paid by participants in the supplementary medical insurance program (Medicare B), which added \$2.0 billion to January personal contributions.

Personal taxes and disposable personal income

Personal tax and nontax payments increased \$14.6 billion in January, compared with an increase of \$7.3 billion in December. Indexation provisions of current tax law reduced federal income tax payments by \$4.4 billion in January.

Disposable personal income (DPI) -- personal income less personal tax and nontax payments -- increased \$34.2 billion, or 0.5 percent, in January, compared with an increase of \$28.1 billion, or 0.4 percent, in December.

Personal outlays and personal saving

Personal outlays -- PCE, interest paid by persons, and personal transfer payments to the rest of the world (net) -- increased \$47.9 billion in January, compared with an increase of \$26.7 billion in December. PCE increased \$46.9 billion, compared with an increase of \$26.4 billion.

Personal saving -- DPI less personal outlays -- was a negative \$72.3 billion in January, compared with a negative \$58.7 billion in December. Saving from current income may be near zero or negative when outlays are financed by borrowing (including borrowing financed through credit cards or home equity loans), by selling investments or other assets, or by using savings from previous periods. Personal saving as a percentage of disposable personal income was a negative 1.0 percent in January, compared with a negative 0.8 percent in December.

Real DPI and real PCE

Real DPI -- DPI adjusted to remove price changes -- increased less than 0.1 percent in January, compared with an increase of 0.2 percent in December.

Real PCE -- PCE adjusted to remove price changes -- increased 0.2 percent in January, the same increase as in December. Purchases of durable goods increased 1.8 percent in January, in contrast to a decrease of 1.0 percent in December. Purchases of motor vehicles and parts accounted for most of the January increase and most of the December decrease. Purchases of nondurable goods increased 0.3 percent in January, compared with an increase of 0.2 percent in December. Purchases of services decreased 0.2 percent, in contrast to an increase of 0.4 percent.

Revisions

Estimates have been revised for October through December. Changes in personal income, current-dollar and chained (1996) dollar DPI, and current-dollar and chained (1996) dollar PCE for November and December -- revised and as published in last month's release -- are shown below. Revisions for October were small.

	Change from preceding month							
	November				December			
	Previous	Revised	Previous	Revised	Previous	Revised	Previous	Revised
	(Dollars)		(Percent)		(Dollars)		(Percent)	
Personal Income:								
Current dollars..	17.8	14.4	0.2	0.2	36.6	35.4	0.4	0.4
Disposable personal income:								
Current dollars..	8.4	5.7	.1	.1	28.8	28.1	.4	.4
Chained (1996) dollars..	-6.0	-7.9	-.1	-.1	14.9	14.2	.2	.2
Personal consumption expenditures:								
Current dollars..	21.9	19.5	.3	.3	19.4	26.4	.3	.4
Chained (1996) dollars..	6.7	5.2	.1	.1	6.6	12.9	.1	.2

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Next release -- Personal Income and Outlays for February will be released on March 30, at 8:30 A.M. EST.

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

	1999	2000/r/	Aug 00	Sep 00	Oct 00/r/	Nov 00/r/	Dec 00/r/	Jan 01/p/
Personal income.....	7,789.6	8,281.0	8,326.5	8,420.6	8,405.7	8,420.1	8,455.5	8,504.3
Wage and salary disbursements....	4,470.0	4,769.1	4,797.8	4,827.8	4,858.9	4,872.9	4,881.0	4,916.3
Private industries.....	3,745.6	4,008.3	4,032.5	4,060.8	4,091.3	4,105.5	4,112.4	4,138.3
Goods-producing industries....	1,089.2	1,153.1	1,158.8	1,163.2	1,173.4	1,177.0	1,168.4	1,180.3
Manufacturing.....	782.4	815.9	819.7	820.3	827.8	829.3	821.7	824.2
Distributive industries.....	1,020.3	1,107.1	1,113.2	1,129.0	1,136.5	1,144.5	1,150.0	1,154.4
Service industries.....	1,636.0	1,748.1	1,760.5	1,768.6	1,781.4	1,784.0	1,794.0	1,803.5
Government.....	724.4	760.8	765.3	767.0	767.7	767.4	768.6	778.0
Other labor income.....	501.0	524.0	527.6	530.0	532.0	533.9	535.9	537.8
Proprietors' income with inventory valuation and capital consumption adjustments.....	663.5	710.5	712.3	756.0	712.3	710.8	718.2	715.8
Farm.....	25.3	22.6	14.7	62.9	16.9	15.4	21.5	15.4
Nonfarm.....	638.2	688.0	697.7	693.1	695.4	695.4	696.7	700.4
Rental income of persons with capital consumption adjustment...	143.4	140.1	134.5	144.0	134.8	135.3	137.8	136.9
Personal dividend income.....	370.3	396.6	399.6	402.2	404.7	407.1	409.8	412.0
Personal interest income.....	963.7	1,033.7	1,042.4	1,046.1	1,047.9	1,049.1	1,050.6	1,052.0
Transfer payments to persons.....	1,016.2	1,067.7	1,074.9	1,079.1	1,082.0	1,078.6	1,090.3	1,108.3
Old-age, survivors, disability, and health insurance benefits..	588.0	622.4	627.2	630.9	629.1	626.7	635.2	649.3
Government unemployment insurance benefits.....	20.3	20.0	20.0	20.1	20.5	20.7	20.8	21.1
Other.....	407.9	425.2	427.8	428.1	432.3	431.2	434.2	437.8
Less: Personal contributions for social insurance.....	338.5	360.7	362.6	364.6	366.7	367.6	368.2	374.7

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/r/	Aug 00	Sep 00	Oct 00/r/	Nov 00/r/	Dec 00/r/	Jan 01/p/
Personal income.....	7,789.6	8,281.0	8,326.5	8,420.6	8,405.7	8,420.1	8,455.5	8,504.3
Less: Personal tax and nontax payments.....	1,152.0	1,291.8	1,308.7	1,322.0	1,334.2	1,342.9	1,350.2	1,364.8
Equals: Disposable personal income..	6,637.7	6,989.3	7,017.8	7,098.6	7,071.5	7,077.2	7,105.3	7,139.5
Less: Personal outlays.....	6,490.1	6,998.4	7,045.5	7,101.3	7,115.7	7,137.2	7,163.9	7,211.8
Personal consumption expenditures.	6,268.7	6,757.3	6,801.2	6,856.2	6,868.6	6,888.1	6,914.5	6,961.4
Interest paid by persons.....	194.8	212.0	214.8	215.6	217.3	219.3	219.8	220.7
Personal transfer payments to the rest of the world (net).....	26.6	29.0	29.5	29.5	29.7	29.7	29.7	29.7
Equals: Personal saving.....	147.6	-9.1	-27.7	-2.7	-44.2	-60.0	-58.7	-72.3
Addenda:								
Disposable personal income:								
Chained (1996) dollars\1\.....	6,331.0	6,510.6	6,531.9	6,585.9	6,553.9	6,546.0	6,560.2	6,560.4
Per capita:								
Current dollars.....	24,314	25,376	25,451	25,722	25,604	25,606	25,689	25,793
Chained (1996) dollars.....	23,191	23,638	23,689	23,864	23,730	23,684	23,719	23,701
Population (thousands).....	272,996	275,423	275,738	275,970	276,191	276,389	276,585	276,798
Personal saving as a percentage of disposable personal income....	2.2	-.1	-.4	.0	-.6	-.8	-.8	-1.0

p Preliminary.

r Revised.

1. Disposable personal income in chained (1996) dollars equals the current-dollar figure divided by the implicit price deflator for personal consumption expenditures.

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/r/	Aug 00	Sep 00	Oct 00/r/	Nov 00/r/	Dec 00/r/	Jan 01/p/
Personal income.....	398.6	491.4	26.5	94.1	-14.9	14.4	35.4	48.8
Wage and salary disbursements.....	279.3	299.1	8.7	30.0	31.1	14.0	8.1	35.3
Private industries.....	247.6	262.7	7.2	28.3	30.5	14.2	6.9	25.9
Goods-producing industries....	50.6	63.9	-3.4	4.4	10.2	3.6	-8.6	11.9
Manufacturing.....	25.8	33.5	-4.3	.6	7.5	1.5	-7.6	2.5
Distributive industries.....	71.2	86.8	1.1	15.8	7.5	8.0	5.5	4.4
Service industries.....	125.7	112.1	9.5	8.1	12.8	2.6	10.0	9.5
Government.....	31.7	36.4	1.5	1.7	.7	-.3	1.2	9.4
Other labor income.....	15.5	23.0	2.5	2.4	2.0	1.9	2.0	1.9
Proprietors' income with inventory valuation and capital consumption adjustments.....	42.8	47.0	6.3	43.7	-43.7	-1.5	7.4	-2.4
Farm.....	-.1	-2.7	-2.8	48.2	-46.0	-1.5	6.1	-6.1
Nonfarm.....	43.0	49.8	9.2	-4.6	2.3	.0	1.3	3.7
Rental income of persons with capital consumption adjustment...	8.0	-3.3	-1.5	9.5	-9.2	.5	2.5	-.9
Personal dividend income.....	19.2	26.3	2.4	2.6	2.5	2.4	2.7	2.2
Personal interest income.....	22.9	70.0	2.4	3.7	1.8	1.2	1.5	1.4
Transfer payments to persons.....	33.2	51.5	6.2	4.2	2.9	-3.4	11.7	18.0
Old-age, survivors, disability, and health insurance benefits..	10.0	34.4	3.7	3.7	-1.8	-2.4	8.5	14.1
Government unemployment insurance benefits.....	.8	-.3	.2	.1	.4	.2	.1	.3
Other.....	22.5	17.3	2.4	.3	4.2	-1.1	3.0	3.6
Less: Personal contributions for social insurance.....	22.3	22.2	.5	2.0	2.1	.9	.6	6.5
Less: Personal tax and nontax payments.....	81.1	139.8	15.1	13.3	12.2	8.7	7.3	14.6
Equals: Disposable personal income..	317.7	351.6	11.4	80.8	-27.1	5.7	28.1	34.2
Less: Personal outlays.....	435.4	508.3	28.2	55.8	14.4	21.5	26.7	47.9
Personal consumption expenditures..	417.8	488.6	26.0	55.0	12.4	19.5	26.4	46.9
Interest paid by persons.....	15.0	17.2	2.1	.8	1.7	2.0	.5	.9
Personal transfer payments to the rest of the world (net).....	2.6	2.4	.0	.0	.2	.0	.0	.0
Equals: Personal saving.....	-117.8	-156.7	-16.8	25.0	-41.5	-15.8	1.3	-13.6
Addendum: Disposable personal income: chained (1996) dollars\1\.....	196.9	179.6	18.7	54.0	-32.0	-7.9	14.2	.2

p Preliminary.

r Revised.

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/r/	Aug 00	Sep 00	Oct 00/r/	Nov 00/r/	Dec 00/r/	Jan 01/p/
Billions of current dollars								
Personal consumption expenditures...	6,268.7	6,757.3	6,801.2	6,856.2	6,868.6	6,888.1	6,914.5	6,961.4
Durable goods.....	761.3	820.5	821.1	835.8	825.8	816.0	807.7	823.5
Nondurable goods.....	1,845.5	2,009.7	2,025.7	2,044.8	2,047.3	2,044.4	2,045.7	2,057.7
Services.....	3,661.9	3,927.2	3,954.3	3,975.6	3,995.5	4,027.8	4,061.0	4,080.1
Billions of chained (1996) dollars								
Personal consumption expenditures...	5,978.8	6,294.4	6,330.3	6,360.9	6,365.9	6,371.1	6,384.0	6,396.7
Durable goods.....	817.8	896.2	900.2	916.5	907.1	896.1	886.9	902.8
Nondurable goods.....	1,779.4	1,868.7	1,885.4	1,885.4	1,888.2	1,883.6	1,887.4	1,893.6
Services.....	3,390.8	3,544.1	3,559.4	3,575.8	3,585.5	3,604.0	3,620.3	3,613.7
Chain-type price indexes (1996=100)								
Personal consumption expenditures...	104.85	107.38	107.45	107.80	107.91	108.13	108.32	108.84
Durable goods.....	93.09	91.56	91.20	91.18	91.02	91.05	91.05	91.20
Nondurable goods.....	103.71	107.55	107.46	108.48	108.44	108.55	108.40	108.69
Services.....	107.99	110.84	111.10	111.19	111.44	111.77	112.19	112.92
Addendum:								
Personal consumption expenditures less food and energy.....	105.11	106.82	106.87	107.03	107.12	107.36	107.53	107.87
Change from preceding period								
Billions of current dollars								
Personal consumption expenditures...	417.8	488.6	26.0	55.0	12.4	19.5	26.4	46.9
Durable goods.....	67.4	59.2	3.8	14.7	-10.0	-9.8	-8.3	15.8
Nondurable goods.....	137.9	164.2	1.8	19.1	2.5	-2.9	1.3	12.0
Services.....	212.6	265.3	20.3	21.3	19.9	32.3	33.2	19.1
Billions of chained (1996) dollars								
Personal consumption expenditures...	300.1	315.6	32.0	30.6	5.0	5.2	12.9	12.7
Durable goods.....	90.5	78.4	7.4	16.3	-9.4	-11.0	-9.2	15.9
Nondurable goods.....	94.6	89.3	8.4	.0	2.8	-4.6	3.8	6.2
Services.....	121.4	153.3	16.7	16.4	9.7	18.5	16.3	-6.6

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/r/	Aug 00	Sep 00	Oct 00/r/	Nov 00/r/	Dec 00/r/	Jan 01/p/
Based on current dollars								
Personal income.....	5.4	6.3	.3	1.1	-.2	.2	.4	.6
Disposable personal income.....	5.0	5.3	.2	1.2	-.4	.1	.4	.5
Personal consumption expenditures...	7.1	7.8	.4	.8	.2	.3	.4	.7
Durable goods.....	9.7	7.8	.5	1.8	-1.2	-1.2	-1.0	1.9
Nondurable goods.....	8.1	8.9	.1	.9	.1	-.1	.1	.6
Services.....	6.2	7.2	.5	.5	.5	.8	.8	.5
Based on chained (1996) dollars								
Disposable personal income.....	3.2	2.8	.3	.8	-.5	-.1	.2	.0
Personal consumption expenditures...	5.3	5.3	.5	.5	.1	.1	.2	.2
Durable goods.....	12.4	9.6	.8	1.8	-1.0	-1.2	-1.0	1.8
Nondurable goods.....	5.6	5.0	.5	.0	.2	-.2	.2	.3
Services.....	3.7	4.5	.5	.5	.3	.5	.4	-.2

p Preliminary.

r Revised.

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