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PERSONAL INCOME AND OUTLAYS: JANUARY 2002

Personal income increased \$35.1 billion, or 0.4 percent, and disposable personal income (DPI) increased \$118.3 billion, or 1.6 percent, in January, according to the Commerce Department's Bureau of Economic Analysis. Personal consumption expenditures (PCE) increased \$27.7 billion, or 0.4 percent. In December, personal income increased \$26.8 billion, or 0.3 percent, DPI increased \$16.3 billion, or 0.2 percent, and PCE increased \$3.1 billion, or less than 0.1 percent, based on revised estimates.

	2001				2002
	Sept.	Oct.	Nov.	Dec.	Jan.
	(Percent change from preceding month)				
Personal income, current dollars	-0.1	-0.1	0.0	0.3	0.4
Disposable personal income:					
Current dollars	-1.2	-1.8	0.0	0.2	1.6
Chained (1996) dollars	-0.7	-2.4	0.1	0.4	1.5
Personal consumption expenditures:					
Current dollars	-1.7	2.9	-0.2	0.0	0.4
Chained (1996) dollars	-1.2	2.3	-0.1	0.2	0.3

The January change in disposable personal income (DPI) -- personal income less personal tax and nontax payments -- was boosted by several special factors. The largest of these factors was the decrease in personal tax and nontax payments, which reflected a reduction in federal income taxes as a result of a new 10-percent tax bracket, indexation provisions of current tax law, and a reduction in net nonwithheld taxes. In addition, the January change in DPI was boosted by cost-of-living adjustments to several federal transfer payment programs, by changes in the earned income credit program, and by pay raises for federal civilian and military personnel; it was reduced by program changes affecting personal contributions for social insurance. Excluding these special factors, disposable personal income increased \$12.2 billion, or 0.2 percent, in January, after increasing \$16.3 billion, or 0.2 percent, in December. These special factors are discussed more fully below.

Wages and salaries

Private wage and salary disbursements decreased \$9.5 billion in January, in contrast to an increase of \$20.5 billion in December. Goods-producing industries' payrolls decreased \$3.8 billion, in contrast to an increase of \$0.5 billion; manufacturing payrolls decreased \$1.7 billion, compared with a decrease of \$0.7 billion. Distributive industries' payrolls decreased \$3.3 billion, in contrast to an increase of \$6.2 billion. Service industries' payrolls decreased \$2.4 billion, in contrast to an increase of \$13.8 billion.

Government wage and salary disbursements increased \$7.5 billion in January, compared with an increase of \$3.1 billion in December. Pay raises for federal civilian and military personnel added \$7.2 billion to government payrolls in January.

Other personal income

Proprietors' income increased \$7.8 billion in January, compared with an increase of \$0.2 billion in December. Farm proprietors' income increased \$1.9 billion, in contrast to a decrease of \$7.1

billion. Nonfarm proprietors' income increased \$5.9 billion, compared with an increase of \$7.2 billion.

Transfer payments increased \$26.2 billion in January, compared with an increase of \$7.7 billion in December. The January increase in transfer payments reflected 2.6-percent cost-of-living adjustments to social security benefits and several other federal transfer payment programs and changes in the earned income credit program; together, these changes accounted for \$20.4 billion of the January increase.

Personal interest income decreased \$3.3 billion, compared with a decrease of \$9.0 billion. Personal dividend income increased \$2.6 billion, compared with an increase of \$2.7 billion. Rental income of persons increased \$4.8 billion, compared with an increase of \$1.7 billion.

Personal contributions for social insurance -- a subtraction in calculating personal income -- increased \$5.3 billion in January, compared with an increase of \$1.1 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 \$80,400 to \$84,900) and the effect of an increase in the monthly premium paid by participants in the supplementary medical insurance program (Medicare B), which together added \$4.7 billion to January personal contributions.

Personal taxes and disposable personal income

Personal tax and nontax payments decreased \$83.2 billion in January, in contrast to an increase of \$10.5 billion in December. A reduction in federal income taxes accounted for the January decrease. Provisions of the Economic Growth and Tax Relief and Reconciliation Act of 2001 reduced withheld taxes by \$39.4 billion as a result of the new 10-percent tax bracket. In addition, indexation provisions of current tax law reduced withheld taxes by \$4.0 billion. Net nonwithheld taxes (payments of estimated taxes plus final settlements less refunds) were reduced by \$39.8 billion based on federal budget projections for 2002.

Disposable personal income (DPI) -- personal income less personal tax and nontax payments -- increased \$118.3 billion, or 1.6 percent, in January, compared with an increase of \$16.3 billion, or 0.2 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 \$27.3 billion in January, compared with an increase of \$4.1 billion in December. PCE increased \$27.7 billion, compared with an increase of \$3.1 billion.

Personal saving -- DPI less personal outlays -- was \$134.0 billion in January, compared with \$43.0 billion in December. Personal saving as a percentage of disposable personal income was 1.8 percent in January, compared with 0.6 percent in December.

Real DPI and real PCE

Real DPI -- DPI adjusted to remove price changes -- increased 1.5 percent in January, compared with an increase of 0.4 percent in December.

Real PCE -- PCE adjusted to remove price changes -- increased 0.3 percent in January, compared with an increase of 0.2 percent in December. Purchases of durable goods decreased 1.7 percent, compared with a decrease of 3.6 percent. Purchases of motor vehicles and parts accounted for most of the January decrease and more than accounted for the December decrease. Purchases of nondurable goods increased 0.9 percent in January, compared with an increase of 1.6 percent in December. Purchases of services increased 0.3 percent, compared with 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. The upward revision to December personal consumption expenditures primarily reflects large upward revisions to the retail sales source data used to derive these estimates. Revisions for October and November were small.

	Change from preceding month							
	November				December			
	Previous	Revised	Previous	Revised	Previous	Revised	Previous	Revised
	(Billions of dollars)	(Percent)	(Billions of dollars)	(Percent)	(Billions of dollars)	(Percent)	(Billions of dollars)	(Percent)
Personal Income:								
Current dollars.....	-1.4	-2.4	0.0	0.0	34.6	26.8	0.4	0.3
Disposable personal income:								
Current dollars.....	3.3	2.4	0.0	0.0	22.7	16.3	0.3	0.2
Chained (1996) dollars....	7.8	8.8	0.1	0.1	30.9	25.3	0.5	0.4
Personal consumption expenditures:								
Current dollars.....	-20.4	-17.1	-0.3	-0.2	-17.8	3.1	-0.2	0.0
Chained (1996) dollars....	-14.0	-9.2	-0.2	-0.1	-6.5	12.9	-0.1	0.2

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Summary BEA estimates are available on recorded messages at the time of public release at the following telephone numbers:

(202) 606-5306 Gross domestic product
606-5303 Personal income and outlays
606-5362 U.S. international transactions

Most of BEA's estimates and analyses appear in the Survey of Current Business, BEA's monthly journal. Subscriptions and single copies of the printed Survey are for sale by the Superintendent of Documents, U.S. Government Printing Office. Internet: <bookstore.gpo.gov>; phone: 202-512-1800; fax: 202-512-2250; mail: Stop SSOP, Washington, DC 20402-0001.

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Revised and New Tables.--The next personal income and outlays release (scheduled for release on March 29, 2002) will present revised and new tables providing additional information.

Information will be consolidated; revised table 1 will combine the monthly estimates shown in tables 1 and 2 of this release into a single table, showing monthly personal income and its disposition.

Longer time series will be shown; some tables will show estimates for 8 months (compared to 6 months in the current tables) and other tables will show estimates for 6 quarters (previously, quarters had not been shown in this release) and for 2 years.

Additional information will be presented on the percent change from the preceding period of personal income and its disposition, on the percent change from the preceding period of the price indexes for personal consumption expenditures, and on the percent change from the month one year ago in chained (1996) dollars and in price indexes for selected series.

Prototypes of the new tables are available on BEA's Web site at
<www.bea.gov/bea/newsrel/pitables.htm>.

Next release -- Personal Income and Outlays for February will be released on
March 29, 2002, at 8:30 A.M. EST.

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

	2000	2001/r/	Aug 01	Sep 01	Oct 01/r/	Nov 01/r/	Dec 01/r/	Jan 02/p/
Personal income.....	8,319.2	8,723.9	8,775.9	8,771.0	8,761.5	8,759.1	8,785.9	8,821.0
Wage and salary disbursements....	4,837.2	5,098.2	5,123.8	5,122.0	5,110.7	5,113.2	5,136.7	5,134.7
Private industries.....	4,068.8	4,292.1	4,311.9	4,304.8	4,289.9	4,290.0	4,310.5	4,301.0
Goods-producing industries....	1,163.7	1,197.3	1,197.2	1,193.9	1,184.9	1,179.1	1,179.6	1,175.8
Manufacturing.....	830.1	842.2	841.0	836.7	829.1	821.9	821.2	819.5
Distributive industries.....	1,095.6	1,145.4	1,149.5	1,142.6	1,142.6	1,143.3	1,149.5	1,146.2
Service industries.....	1,809.5	1,949.4	1,965.2	1,968.4	1,962.4	1,967.6	1,981.4	1,979.0
Government.....	768.4	806.1	811.9	817.2	820.9	823.1	826.2	833.7
Other labor income.....	534.2	553.9	555.3	556.5	557.4	558.6	559.6	564.1
Proprietors' income with inventory valuation and capital consumption adjustments.....	715.0	743.5	757.7	748.6	743.9	738.9	739.1	746.9
Farm.....	30.6	27.6	32.4	34.7	27.0	19.6	12.5	14.4
Nonfarm.....	684.4	715.9	725.4	713.9	717.0	719.4	726.6	732.5
Rental income of persons with capital consumption adjustment...	141.6	142.7	144.4	145.2	146.7	148.3	150.0	154.8
Personal dividend income.....	379.2	416.3	420.1	423.0	425.8	428.3	431.0	433.6
Personal interest income.....	1,000.6	993.9	991.5	988.6	980.9	972.2	963.2	959.9
Transfer payments to persons.....	1,069.1	1,148.7	1,157.3	1,160.9	1,168.8	1,172.0	1,179.7	1,205.9
Old-age, survivors, disability, and health insurance benefits..	617.3	664.4	669.2	670.8	671.7	674.6	679.2	691.9
Government unemployment insurance benefits.....	20.3	23.7	24.0	24.3	24.7	24.9	25.2	25.5
Other.....	431.5	460.7	464.2	465.8	472.4	472.5	475.2	488.5
Less: Personal contributions for social insurance.....	357.7	373.3	374.2	373.7	372.6	372.4	373.5	378.8

p Preliminary.
r Revised.

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

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

	2000	2001/r/	Aug 01	Sep 01	Oct 01/r/	Nov 01/r/	Dec 01/r/	Jan 02/p/
Personal income.....	8,319.2	8,723.9	8,775.9	8,771.0	8,761.5	8,759.1	8,785.9	8,821.0
Less: Personal tax and nontax payments.....	1,288.2	1,306.2	1,120.5	1,207.0	1,332.5	1,327.7	1,338.2	1,255.0
Equals: Disposable personal income..	7,031.0	7,417.6	7,655.4	7,564.0	7,429.0	7,431.4	7,447.7	7,566.0
Less: Personal outlays.....	6,963.3	7,299.1	7,333.1	7,210.6	7,417.0	7,400.6	7,404.7	7,432.0
Personal consumption expenditures.	6,728.4	7,063.5	7,099.7	6,979.4	7,184.4	7,167.3	7,170.4	7,198.1
Interest paid by persons.....	205.3	204.3	201.5	199.2	200.0	200.8	201.7	201.4
Personal transfer payments to the rest of the world (net).....	29.6	31.3	31.9	31.9	32.5	32.5	32.5	32.5
Equals: Personal saving.....	67.7	118.5	322.3	353.4	12.0	30.8	43.0	134.0
Addenda:								
Disposable personal income:								
Chained (1996) dollars\1\.....	6,539.2	6,773.2	6,978.6	6,928.9	6,763.0	6,771.8	6,797.1	6,896.1
Per capita:								
Current dollars.....	24,889	25,944	26,733	26,384	25,885	25,868	25,902	26,289
Chained (1996) dollars.....	23,148	23,690	24,370	24,169	23,565	23,572	23,639	23,961
Population (thousands)\2\.....	282,489	285,908	286,362	286,687	286,999	287,277	287,539	287,798
Personal saving as a percentage of disposable personal income....	1.0	1.6	4.2	4.7	.2	.4	.6	1.8

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. Beginning with January 1991, first-of-the-month estimates are derived by BEA and are consistent with the 2000 Census of Population. BEA will substitute Bureau of Census population estimates for 1991 forward when they are released in early 2002.

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

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

	2000	2001/r/	Aug 01	Sep 01	Oct 01/r/	Nov 01/r/	Dec 01/r/	Jan 02/p/
Personal income.....	541.9	404.7	7.4	-4.9	-9.5	-2.4	26.8	35.1
Wage and salary disbursements.....	365.0	261.0	-.7	-1.8	-11.3	2.5	23.5	-2.0
Private industries.....	320.9	223.3	-4.3	-7.1	-14.9	.1	20.5	-9.5
Goods-producing industries....	75.0	33.6	-4.2	-3.3	-9.0	-5.8	.5	-3.8
Manufacturing.....	48.1	12.1	-4.7	-4.3	-7.6	-7.2	-.7	-1.7
Distributive industries.....	74.6	49.8	-2.7	-6.9	.0	.7	6.2	-3.3
Service industries.....	171.3	139.9	2.6	3.2	-6.0	5.2	13.8	-2.4
Government.....	44.1	37.7	3.6	5.3	3.7	2.2	3.1	7.5
Other labor income.....	24.5	19.7	.9	1.2	.9	1.2	1.0	4.5
Proprietors' income with inventory valuation and capital consumption adjustments.....	43.0	28.5	5.8	-9.1	-4.7	-5.0	.2	7.8
Farm.....	4.0	-3.0	2.7	2.3	-7.7	-7.4	-7.1	1.9
Nonfarm.....	39.0	31.5	3.1	-11.5	3.1	2.4	7.2	5.9
Rental income of persons with capital consumption adjustment...	-6.1	1.1	2.1	.8	1.5	1.6	1.7	4.8
Personal dividend income.....	36.1	37.1	3.2	2.9	2.8	2.5	2.7	2.6
Personal interest income.....	50.6	-6.7	-2.8	-2.9	-7.7	-8.7	-9.0	-3.3
Transfer payments to persons.....	49.5	79.6	-1.5	3.6	7.9	3.2	7.7	26.2
Old-age, survivors, disability, and health insurance benefits..	29.3	47.1	-3.4	1.6	.9	2.9	4.6	12.7
Government unemployment insurance benefits.....	.0	3.4	.7	.3	.4	.2	.3	.3
Other.....	20.3	29.2	1.3	1.6	6.6	.1	2.7	13.3
Less: Personal contributions for social insurance.....	20.6	15.6	-.5	-.5	-1.1	-.2	1.1	5.3
Less: Personal tax and nontax payments.....	129.0	18.0	-138.4	86.5	125.5	-4.8	10.5	-83.2
Equals: Disposable personal income..	413.0	386.6	145.8	-91.4	-135.0	2.4	16.3	118.3
Less: Personal outlays.....	506.1	335.8	3.7	-122.5	206.4	-16.4	4.1	27.3
Personal consumption expenditures.	478.2	335.1	6.1	-120.3	205.0	-17.1	3.1	27.7
Interest paid by persons.....	25.6	-1.0	-2.4	-2.3	.8	.8	.9	-.3
Personal transfer payments to the rest of the world (net).....	2.4	1.7	.0	.0	.6	.0	.0	.0
Equals: Personal saving.....	-93.2	50.8	142.1	31.1	-341.4	18.8	12.2	91.0
Addendum:								
Disposable personal income: chained (1996) dollars\1\.....	219.2	234.0	133.2	-49.7	-165.9	8.8	25.3	99.0

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]

	2000	2001/r/	Aug 01	Sep 01	Oct 01/r/	Nov 01/r/	Dec 01/r/	Jan 02/p/
Billions of current dollars								
Personal consumption expenditures...	6,728.4	7,063.5	7,099.7	6,979.4	7,184.4	7,167.3	7,170.4	7,198.1
Durable goods.....	819.6	858.2	848.5	820.4	941.2	910.4	876.9	858.8
Nondurable goods.....	1,989.6	2,055.0	2,063.8	2,045.5	2,051.0	2,045.8	2,062.5	2,087.6
Services.....	3,919.2	4,150.2	4,187.4	4,113.6	4,192.2	4,211.1	4,231.1	4,251.7
Billions of chained (1996) dollars								
Personal consumption expenditures...	6,257.8	6,449.8	6,471.9	6,393.4	6,540.3	6,531.1	6,544.0	6,560.7
Durable goods.....	895.5	955.5	949.3	921.5	1,056.8	1,021.9	985.1	968.6
Nondurable goods.....	1,849.9	1,883.2	1,896.4	1,859.2	1,878.1	1,886.2	1,915.6	1,933.1
Services.....	3,527.7	3,633.1	3,646.5	3,628.6	3,645.6	3,656.2	3,669.3	3,681.5
Chain-type price indexes (1996=100)								
Personal consumption expenditures...	107.52	109.52	109.71	109.17	109.85	109.75	109.58	109.72
Durable goods.....	91.53	89.84	89.39	89.04	89.07	89.09	89.01	88.66
Nondurable goods.....	107.55	109.13	108.83	110.02	109.21	108.46	107.67	107.99
Services.....	111.10	114.24	114.85	113.38	115.00	115.19	115.32	115.50
Addendum:								
Personal consumption expenditures less food and energy.....	107.02	108.71	108.95	108.08	109.22	109.40	109.38	109.44
Change from preceding period								
Billions of current dollars								
Personal consumption expenditures...	478.2	335.1	6.1	-120.3	205.0	-17.1	3.1	27.7
Durable goods.....	58.7	38.6	-4.5	-28.1	120.8	-30.8	-33.5	-18.1
Nondurable goods.....	158.3	65.4	.5	-18.3	5.5	-5.2	16.7	25.1
Services.....	261.2	231.0	10.1	-73.8	78.6	18.9	20.0	20.6
Billions of chained (1996) dollars								
Personal consumption expenditures...	289.4	192.0	5.7	-78.5	146.9	-9.2	12.9	16.7
Durable goods.....	77.7	60.0	-.5	-27.8	135.3	-34.9	-36.8	-16.5
Nondurable goods.....	83.5	33.3	6.0	-37.2	18.9	8.1	29.4	17.5
Services.....	134.5	105.4	.3	-17.9	17.0	10.6	13.1	12.2

p Preliminary.

r Revised.

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

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

	2000	2001/r/	Aug 01	Sep 01	Oct 01/r/	Nov 01/r/	Dec 01/r/	Jan 02/p/
Based on current dollars								
Personal income.....	7.0	4.9	.1	-.1	-.1	.0	.3	.4
Disposable personal income.....	6.2	5.5	1.9	-1.2	-1.8	.0	.2	1.6
Personal consumption expenditures...	7.7	5.0	.1	-1.7	2.9	-.2	.0	.4
Durable goods.....	7.7	4.7	-.5	-3.3	14.7	-3.3	-3.7	-2.1
Nondurable goods.....	8.6	3.3	.0	-.9	.3	-.3	.8	1.2
Services.....	7.1	5.9	.2	-1.8	1.9	.5	.5	.5
Based on chained (1996) dollars								
Disposable personal income.....	3.5	3.6	1.9	-.7	-2.4	.1	.4	1.5
Personal consumption expenditures...	4.8	3.1	.1	-1.2	2.3	-.1	.2	.3
Durable goods.....	9.5	6.7	-.1	-2.9	14.7	-3.3	-3.6	-1.7
Nondurable goods.....	4.7	1.8	.3	-2.0	1.0	.4	1.6	.9
Services.....	4.0	3.0	.0	-.5	.5	.3	.4	.3

p Preliminary.

r Revised.

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