

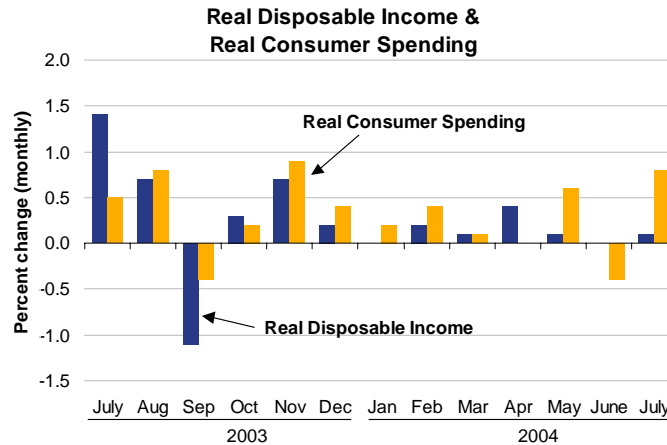


MONDAY, August 30, 2004

INFLATION-ADJUSTED INCOME INCREASES SLIGHTLY, CONSUMER SPENDING ROBUSTLY, IN JULY

Personal Income Estimates

After taking account of taxes and adjusting for inflation, personal income increased 0.1 percent in July, and consumer spending increased 0.8 percent, according to estimates released today by the U.S. Bureau of Economic Analysis. In the preceding month, income had been flat and spending had decreased.



Real consumer spending strengthened across the board in July. Purchases of big-ticket items and everyday products rebounded from declines; an upswing in motor vehicles was especially pronounced. Purchases of services increased after no change in June.

Over the last 12 months, real disposable personal income has increased 1.8 percent, and real consumer spending has increased 3.5 percent.

Personal saving was 0.6 percent of disposable personal income in July, down from 1.3 percent in June.

Personal income—the total income received by individuals, before taxes and *not* adjusted for inflation—increased 0.1 percent in July after increasing 0.2 percent in June. Over the past 12 months, personal income has increased 4.9 percent.

- Wage and salary income, the largest component of personal income, more than accounted for July's increase. Investment income, which accounts for about 15 percent of personal income, also increased.
- These increases were partly offset by a decrease in benefits received from the government, as a provision of the 2003 tax act that temporarily boosted federal Medicaid reimbursements expired.

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 August, along with revised estimates for January through July, will be released on September 30, 2004.

Contact: Ralph Stewart 202-606-9690

Bureau of Economic Analysis
U.S. Department of Commerce