



Economics Group

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Personal Income and Spending on the Rise in October

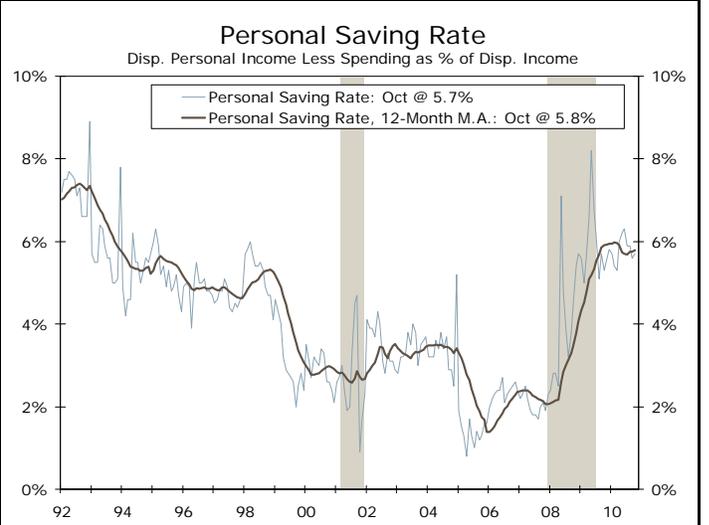
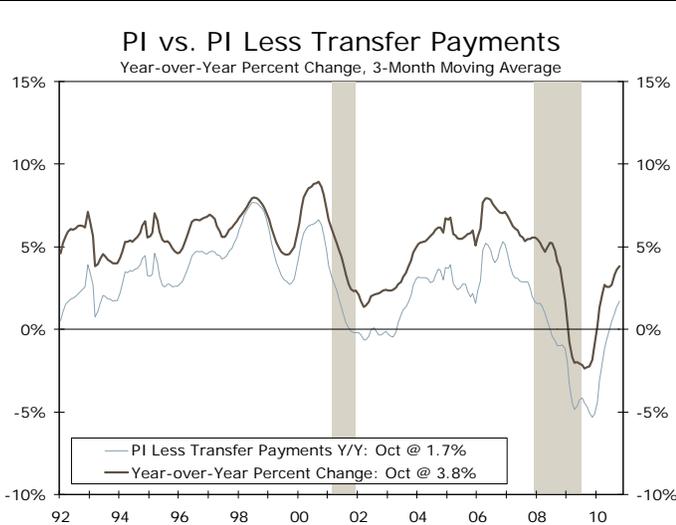
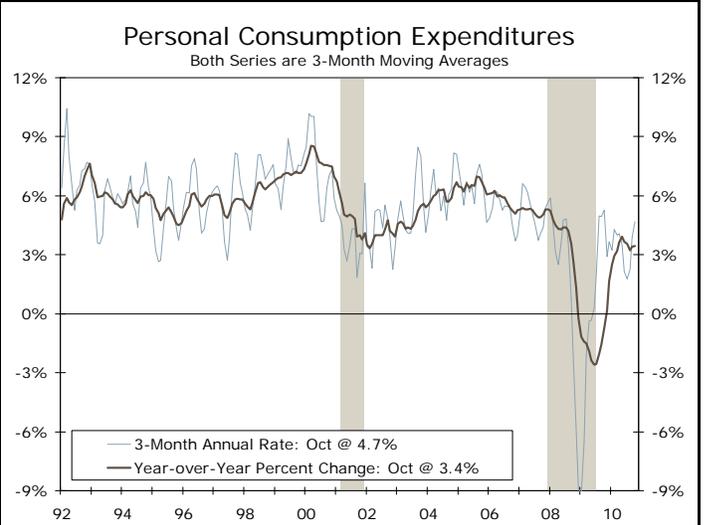
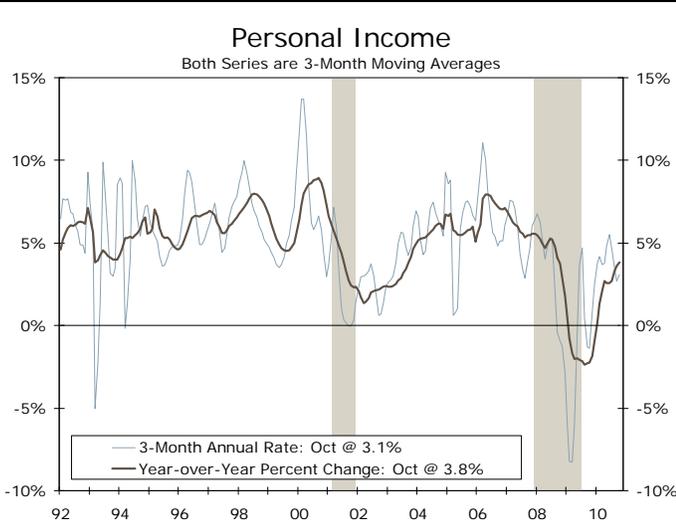
Personal income picked up 0.5 percent and personal spending grew 0.4 percent in October. Both readings for the month of September were revised higher as the outlook for consumer spending appears to be brightening.

Income Gains on Pace with Prior Expansion

- On a three month annualized basis, personal income is growing at more than a 3 percent annual rate. That is roughly in line with the pace of income growth we saw during the most recent expansion. Earlier in this recovery, most of the growth in income came from transfer payments. Even excluding transfer payments, income grew 0.4 percent in October and is up 1.7 percent since last year.

Have it Both Ways: Save and Spend

- Personal spending picked up 0.4 percent in October from an upwardly revised September reading. This suggests that third quarter spending was slightly stronger and offers evidence of spending momentum heading into the important holiday shopping season. Recent income gains have been strong enough to allow consumers to simultaneously increase saving and spending. The saving rate climbed to 5.7 percent.



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