

# Business Situation

## Advance Estimates for the Third Quarter of 2004

**E**CONOMIC growth stepped up somewhat in the third quarter of 2004, and inflation moderated, according to the “advance” estimates of the national income and product accounts (NIPAs).

- Real gross domestic product (GDP) increased 3.7 percent after increasing 3.3 percent in the second quarter (table 1 and chart 1).<sup>1</sup>
- The price index for gross domestic purchases increased 1.8 percent after increasing 3.5 percent.

The insurance transactions associated with the hurricanes that struck portions of the southern and eastern United States in August and September did not directly affect third-quarter GDP, reflecting the new treatment of insurance services that BEA introduced as part of its 2003 comprehensive revision of the NIPAs.<sup>2</sup>

1. “Real” estimates are in chained (2000) dollars, and price indexes are chain-type measures.

Quarterly estimates in the NIPAs are expressed at seasonally adjusted annual rates, unless otherwise specified. Quarter-to-quarter dollar changes are differences between these published estimates. Percent changes are calculated from unrounded data and are annualized.

2. Brent R. Moulton and Eugene P. Seskin, “Preview of the 2003 Comprehensive Revision of the National Income and Product Accounts: Changes in Definitions and Classifications,” *SURVEY OF CURRENT BUSINESS* 83 (June 2003): 17–34; and Baoline Chen and Dennis J. Fixler, “Measuring the Services of Property-Casualty Insurance in the NIPAs: Changes in Concepts and Methods,” *SURVEY* 83 (October 2003): 10–26.

*This article was prepared by Daniel Larkins.*

Estimates of other, indirect effects of the hurricanes are not available because the effects may occur with a lag, and they generally cannot be disentangled from the regular source data that BEA uses to prepare its GDP estimates. However, as described later in this article (in the section on personal income), some income flows were affected by the hurricanes, and estimates of those effects have been prepared.<sup>3</sup>

The step-up in GDP growth mainly reflected an acceleration in consumer spending and a slowdown in imports.<sup>4</sup>

- Consumer spending increased 4.6 percent and contributed 3.23 percentage points to GDP growth in the third quarter after contributing 1.10 percentage points to growth in the second quarter. Purchases of durable goods increased after a small decrease, and purchases of nondurable goods increased after little change.
- Imports, which are subtracted in the calculation of GDP, increased 7.7 percent and subtracted 1.13 percentage points from third-quarter GDP growth

3. For an explanation of how the NIPAs are affected by disasters, see <[www.bea.gov/bea/faq/national/disasters.htm](http://www.bea.gov/bea/faq/national/disasters.htm)> on BEA's Web site.

4. In this article, “consumer spending” is shorthand for the NIPA series “personal consumption expenditures,” “inventory investment” is shorthand for “change in private inventories,” and “government spending” is shorthand for “government consumption expenditures and gross investment.”

**Table 1. Real Gross Domestic Product and Components**

[Seasonally adjusted at annual rates]

	Change from preceding quarter (percent)				Contribution to percent change in real GDP (percentage points)				Share of current-dollar GDP (percent)
	2003	2004			2003	2004			2004
	IV	I	II	III	IV	I	II	III	III
<b>Gross domestic product (GDP)</b> .....	<b>4.2</b>	<b>4.5</b>	<b>3.3</b>	<b>3.7</b>	<b>4.2</b>	<b>4.5</b>	<b>3.3</b>	<b>3.7</b>	<b>100.0</b>
<b>Personal consumption expenditures</b> .....	<b>3.6</b>	<b>4.1</b>	<b>1.6</b>	<b>4.6</b>	<b>2.50</b>	<b>2.90</b>	<b>1.10</b>	<b>3.23</b>	<b>70.1</b>
Durable goods .....	3.9	2.2	-0.3	16.8	0.33	0.19	-0.02	1.33	8.5
Nondurable goods .....	5.1	6.7	0.1	3.9	1.01	1.33	0.03	0.79	20.2
Services .....	2.8	3.3	2.7	2.7	1.15	1.39	1.10	1.10	41.3
<b>Gross private domestic investment</b> .....	<b>13.9</b>	<b>12.3</b>	<b>19.0</b>	<b>5.2</b>	<b>2.04</b>	<b>1.86</b>	<b>2.85</b>	<b>0.85</b>	<b>16.6</b>
Fixed investment .....	10.5	4.5	13.9	8.5	1.57	0.69	2.07	1.33	16.2
Nonresidential .....	11.0	4.2	12.5	11.7	1.07	0.42	1.21	1.15	10.5
Structures .....	7.9	-7.6	6.9	1.4	0.18	-0.19	0.16	0.03	2.4
Equipment and software .....	12.0	8.0	14.2	14.9	0.89	0.61	1.05	1.12	8.1
Residential .....	9.6	5.0	16.5	3.1	0.50	0.27	0.86	0.18	5.8
Change in private inventories .....					0.47	1.17	0.78	-0.48	0.4
<b>Net exports of goods and services</b> .....					<b>-0.66</b>	<b>-0.76</b>	<b>-1.06</b>	<b>-0.62</b>	<b>-5.3</b>
Exports .....	17.5	7.3	7.3	5.1	1.55	0.70	0.70	0.51	10.1
Goods .....	16.1	9.1	6.0	7.8	1.00	0.60	0.41	0.53	7.0
Services .....	20.6	3.4	10.2	-0.8	0.56	0.10	0.30	-0.02	3.0
Imports .....	17.1	10.6	12.6	7.7	-2.22	-1.46	-1.77	-1.13	15.4
Goods .....	18.4	12.7	13.0	7.5	-1.96	-1.43	-1.52	-0.92	12.9
Services .....	11.1	1.2	10.6	8.8	-0.26	-0.03	-0.25	-0.21	2.5
<b>Government consumption expenditures and gross investment</b> .....	<b>1.6</b>	<b>2.5</b>	<b>2.2</b>	<b>1.4</b>	<b>0.31</b>	<b>0.48</b>	<b>0.41</b>	<b>0.26</b>	<b>18.6</b>
Federal .....	4.8	7.1	2.7	4.6	0.33	0.48	0.18	0.31	6.9
National defense .....	11.6	10.6	1.9	9.3	0.50	0.47	0.09	0.42	4.7
Nondefense .....	-7.5	0.2	4.4	-4.7	-0.18	0.00	0.10	-0.11	2.2
State and local .....	-0.1	0.0	1.9	-0.5	-0.02	0.00	0.23	-0.05	11.7

NOTE: Percent changes are from NIPA table 1.1.1, and contributions to percent change are from NIPA table 1.1.2. Shares are from NIPA table 1.1.10.

after a 12.6-percent increase had subtracted 1.77 percentage points from second-quarter growth. The slowdown in imports mainly reflected downturns in imports of nonautomotive consumer and capital goods that were partly offset by an upturn in petroleum imports. (Exports increased 5.1 percent and contributed 0.51 percentage point to GDP growth in the third quarter after contributing 0.70 percentage point in the second.)

The contributions of consumer spending and imports were partly offset by a downturn in inventory investment and by a slowdown in residential investment.

- Inventory investment subtracted 0.48 percentage point from GDP growth as inventory stocks increased less in the third quarter (\$48.1 billion) than in the second quarter (\$61.1 billion); in the second quarter, inventory investment had contributed 0.78 percentage point to GDP growth.
- Residential investment increased 3.1 percent and contributed 0.18 percentage point to GDP growth after contributing 0.86 percentage point; the smaller contribution in the third quarter mainly reflected a downturn in brokers' commissions on house sales.

The advance estimates for the third quarter also show the following:

- Real final sales of domestic product (GDP less change in private inventories) increased 4.2 percent after increasing 2.5 percent (table 2).

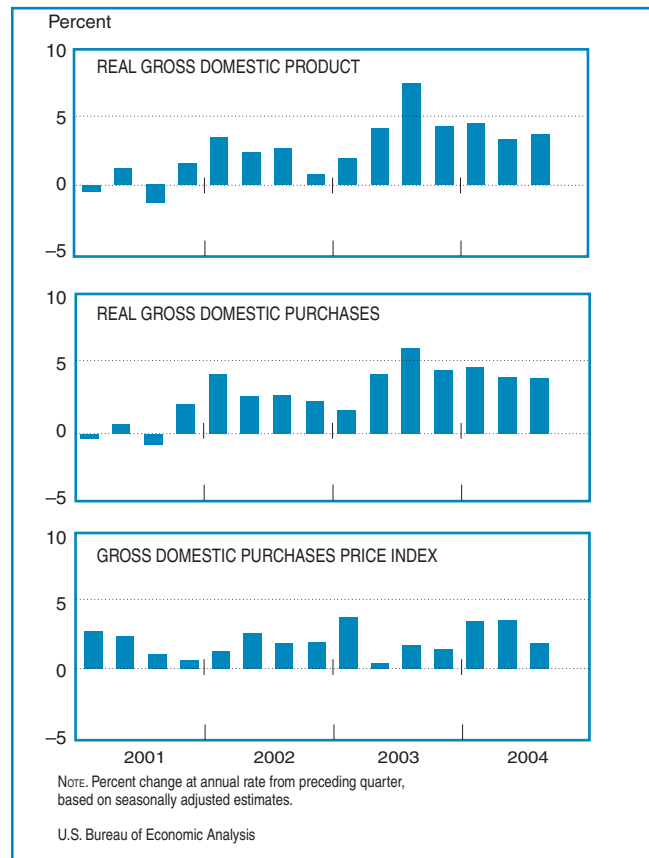
- Nonresidential fixed investment increased 11.7 percent and contributed 1.15 percentage points to GDP growth after contributing 1.21 percentage points. A slowdown in structures was partly offset by a modest step-up in equipment and software.
- Government spending increased 1.4 percent and contributed 0.26 percentage point to GDP growth after contributing 0.41 percentage point. Downturns in state and local spending and in Federal nondefense spending were partly offset by a step-up in spending on national defense.
- Gross domestic purchases increased 4.1 percent after increasing 4.2 percent.
- The production of goods stepped up in the third quarter. In contrast, services increased the same as in the second quarter, and structures increased much less than in the second quarter.

**Table 2. Real Gross Domestic Product by Type of Product**  
[Seasonally adjusted at annual rates]

	Change from preceding quarter (percent)				Contribution to percent change in real GDP (percentage points)				Share of current-dollar GDP (percent)
	2003		2004		2003		2004		
	IV	I	II	III	IV	I	II	III	III
<b>Gross domestic product (GDP).....</b>	<b>4.2</b>	<b>4.5</b>	<b>3.3</b>	<b>3.7</b>	<b>4.20</b>	<b>4.50</b>	<b>3.30</b>	<b>3.70</b>	<b>100.0</b>
Final sales of domestic product.....	3.7	3.3	2.5	4.2	3.71	3.32	2.52	4.19	99.6
Change in private inventories.....					0.47	1.17	0.78	-0.48	0.4
Goods.....	5.8	8.2	2.5	7.3	1.90	2.65	0.82	2.35	32.6
Services.....	3.1	3.0	2.3	2.3	1.77	1.76	1.30	1.30	57.2
Structures.....	5.4	0.7	12.7	0.5	0.52	0.07	1.19	0.06	10.1
<b>Addenda:</b>									
Motor vehicle output.....	2.9	8.8	-15.2	10.0	0.11	0.30	-0.58	0.33	3.4
GDP excluding motor vehicle output.....	4.2	4.3	4.0	3.5	4.08	4.18	3.88	3.38	96.6
Final sales of computers ..	29.0	0.1	0.1	6.4	0.26	0.00	0.00	0.06	0.9
GDP excluding final sales of computers ..	4.0	4.5	3.3	3.7	3.93	4.48	3.30	3.65	99.1

NOTE: Percent changes are from NIPA table 1.2.1, and contributions to percent change are from NIPA table 1.2.2. Shares are calculated from NIPA table 1.2.5.

**Chart 1. Selected Measures: Change From Preceding Quarter**



- Motor vehicle output turned up sharply. Excluding motor vehicles, real GDP increased 3.5 percent after increasing 4.0 percent.
- Final sales of computers increased modestly after two quarters of little change.
- The personal saving rate decreased from 1.2 percent

to 0.4 percent.<sup>5</sup>

5. The personal saving rate is measured as personal saving as a percentage of current-dollar disposable personal income. Estimates of the national saving rates (measured as gross saving and net saving as a percentage of gross national income) will be available at the end of November along with the "preliminary" estimates of the NIPAs for the third quarter.

### Third-Quarter 2004 Advance NIPA Estimates: Source Data and Assumptions

The "advance" estimates for the third quarter are based on the following major source data; as more and better data become available, the estimates will be revised. (The number of months for which data were available is shown in parentheses.)

**Personal consumption expenditures:** Sales of retail stores (3), unit auto and truck sales (3), and consumers' shares of auto and truck sales (3);

**Nonresidential fixed investment:** Unit auto and truck sales (3), construction put in place (2), manufacturers' shipments of machinery and equipment other than aircraft (3), shipments of civilian aircraft (2), and exports and imports of machinery and equipment (2);

**Residential investment:** Construction put in place (2), single-family housing starts (3), and sales of new and existing houses (3);

**Change in private inventories:** Trade and nondurable manufacturing inventories (2), durable manufacturing inventories (3), and unit auto and truck inventories (3);

**Net exports of goods and services:** Exports and imports of goods and services (2);

**Government consumption expenditures and gross investment:** Federal outlays (3), state and local construction put in place (2), and state and local employment (3);

**GDP prices:** Consumer price indexes (3), producer price indexes (3), U.S. import and export price indexes (3), and values and quantities of petroleum imports (2).

BEA made assumptions for source data that were not available. Table A shows the assumptions for key series; a more comprehensive list is available on BEA's Web site at <[www.bea.gov/bea/dn/home/gdp.htm](http://www.bea.gov/bea/dn/home/gdp.htm)>.

Table A. Summary of Major Source Data and Assumptions for Advance Estimates, 2004:III

[Billions of dollars, seasonally adjusted at annual rates]

	2004					
	April	May	June	July	August	September <sup>1</sup>
Private fixed investment:						
Nonresidential structures:						
Value of new total private construction put in place less residential (including improvements) .....	221.6	220.9	220.4	225.3	227.0	226.2
Equipment and software:						
Manufacturers' shipments of complete aircraft .....	24.6	31.3	25.7	27.4	23.4	20.8
Residential structures:						
Value of new residential construction put in place:						
Single family .....	360.0	369.0	370.4	372.8	380.7	381.2
Multifamily .....	37.8	38.5	39.3	39.6	40.0	40.0
Change in private inventories:						
Change in inventories for nondurable manufacturing .....	6.3	13.7	21.9	16.6	7.2	15.6
Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment .....	34.9	72.0	58.6	49.6	47.2	64.8
Net exports: <sup>2</sup> .....						
Exports of goods:						
U.S. exports of goods, international-transactions-accounts basis .....	791.4	824.3	776.1	809.5	808.7	823.4
Excluding gold .....	787.9	820.6	772.8	804.9	804.8	819.8
Imports of goods:						
U.S. imports of goods, international-transactions-accounts basis .....	1,427.2	1,442.0	1,485.5	1,466.7	1,498.0	1,513.1
Excluding gold .....	1,423.4	1,439.2	1,482.3	1,462.3	1,494.6	1,509.5
Net exports of goods .....	-635.9	-617.7	-709.4	-657.1	-689.3	-689.7
Excluding gold .....	-635.5	-618.6	-709.4	-657.5	-689.8	-689.7
Government:						
State and local:						
Structures:						
Value of new construction put in place .....	221.1	219.2	220.5	222.4	220.2	221.3

1. Assumption.

2. Nonmonetary gold is included in balance-of-payments-basis exports and imports but is not used directly in the estimation of national income and product account (NIPA) exports and imports.

## Prices

The price index for gross domestic purchases increased 1.8 percent in the third quarter after increasing 3.5 percent in the second (table 3). The deceleration partly reflected a sharp deceleration in energy prices and a moderate deceleration in food prices. Excluding the prices of energy and food, the price index increased 1.5 percent after increasing 2.5 percent (chart 2).

Prices of goods and services purchased by consumers increased 1.1 percent after increasing 3.1 percent. Excluding food and energy, prices paid by consumers increased 0.7 percent after increasing 1.7 percent. In addition to these comprehensive price indexes for consumer purchases, BEA produces supplemental indexes for "market-based" personal consumption expenditures (PCE) that exclude most imputed expenditures (such as services furnished without payment by financial intermediaries).<sup>6</sup> The market-based PCE price index increased 1.4 percent in the third quarter after increasing 3.7 percent in the second. Excluding food and energy, the market-based index increased 1.0 percent after increasing 2.1 percent.

Prices of private nonresidential fixed investment increased 1.0 percent after increasing 1.7 percent. Prices of equipment and software decreased after little change, and prices of structures increased somewhat more than in the second quarter.

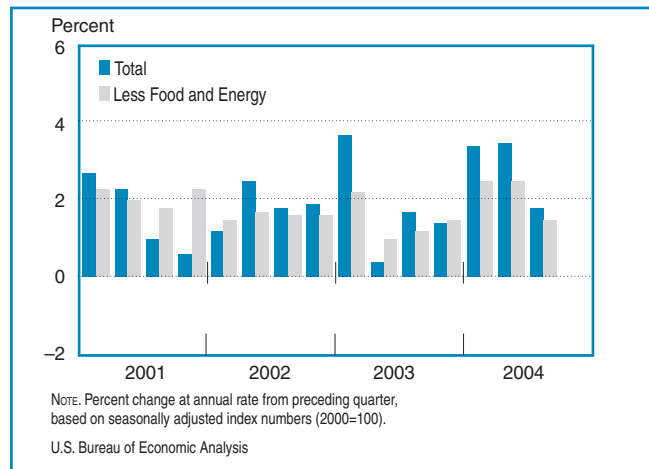
Prices paid by government increased 3.3 percent

6. More information on the market-based measures is available on BEA's Web site at <[www.bea.gov/bea/faq/national/markbsdPCE.htm](http://www.bea.gov/bea/faq/national/markbsdPCE.htm)>.

after increasing 4.3 percent. Prices paid by both the Federal Government and state and local governments contributed to the slowdown.

The GDP price index, which measures the prices paid for goods and services produced in the United States, increased 1.3 percent in the third quarter, 0.5 percentage point less than the price index for gross domestic purchases. The smaller increase in the GDP price index reflected a smaller increase in export prices (which are included in the GDP price index) than in import prices (which are included in the price index for gross domestic purchases).

**Chart 2. Gross Domestic Purchases Prices Change From Preceding Quarter**



**Table 3. Price Indexes**

[Percent change at annual rates; based on seasonally adjusted index numbers (2000=100)]

	Change from preceding quarter (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2003	2004			2003	2004		
	IV	I	II	III	IV	I	II	III
<b>Gross domestic purchases</b> .....	<b>1.4</b>	<b>3.4</b>	<b>3.5</b>	<b>1.8</b>	<b>1.4</b>	<b>3.4</b>	<b>3.5</b>	<b>1.8</b>
<b>Personal consumption expenditures</b> .....	<b>1.2</b>	<b>3.3</b>	<b>3.1</b>	<b>1.1</b>	<b>0.82</b>	<b>2.19</b>	<b>2.08</b>	<b>0.74</b>
Durable goods .....	-4.3	0.0	-0.1	-3.1	-0.37	0.00	-0.01	-0.26
Nondurable goods .....	0.5	5.3	6.6	0.9	0.11	1.00	1.25	0.18
Services.....	2.7	3.0	2.1	2.1	1.08	1.20	0.84	0.82
<b>Gross private domestic investment</b> .....	<b>2.7</b>	<b>2.1</b>	<b>4.4</b>	<b>3.1</b>	<b>0.40</b>	<b>0.32</b>	<b>0.68</b>	<b>0.48</b>
Fixed investment.....	2.8	2.0	4.3	3.1	0.40	0.30	0.64	0.47
Nonresidential .....	1.2	0.3	1.7	1.0	0.12	0.03	0.17	0.10
Structures.....	1.4	4.8	7.6	9.8	0.03	0.10	0.17	0.21
Equipment and software.....	1.2	-1.1	0.1	-1.4	0.09	-0.08	0.01	-0.11
Residential.....	5.8	5.4	9.1	6.9	0.29	0.28	0.47	0.37
Change in private inventories.....					-0.01	0.02	0.04	0.01
<b>Government consumption expenditures and gross investment</b> .....	<b>1.0</b>	<b>5.1</b>	<b>4.3</b>	<b>3.3</b>	<b>0.18</b>	<b>0.89</b>	<b>0.77</b>	<b>0.58</b>
Federal .....	1.0	6.6	3.0	1.6	0.06	0.42	0.20	0.10
National defense.....	1.3	5.7	3.5	1.8	0.06	0.25	0.15	0.08
Nondefense .....	0.3	8.3	1.9	1.2	0.01	0.18	0.04	0.02
State and local.....	1.0	4.2	5.2	4.3	0.11	0.47	0.57	0.48
<b>Addenda:</b>								
Gross domestic purchases:								
Food .....	4.1	2.8	4.2	2.2	0.38	0.27	0.40	0.21
Energy goods and services .....	-7.1	27.0	24.9	6.4	-0.29	0.98	0.94	0.27
Excluding food and energy .....	1.5	2.5	2.5	1.5	1.31	2.16	2.19	1.33
Personal consumptions expenditures:								
Food .....	3.9	2.6	3.9	2.6				
Energy goods and services .....	-8.5	26.7	26.5	3.9				
Excluding food and energy .....	1.3	2.1	1.7	0.7				
"Market-based" PCE.....	0.8	3.2	3.7	1.4				
Excluding food and energy .....	0.8	1.8	2.1	1.0				
Gross domestic product.....	1.6	2.8	3.2	1.3				

PCE Personal consumption expenditures  
NOTE: Most percent changes are from NIPA table 1.6.7; percent changes for personal consumption expenditures on energy goods and services and for personal consumption expenditures excluding food and

energy are calculated from index numbers in NIPA table 2.3.4. Contributions to percent change are from NIPA table 1.6.8.

## Personal Income

Real disposable personal income (DPI) increased 1.4 percent in the third quarter after increasing 2.4 percent in the second (table 4 and chart 3). The slowdown was more than accounted for by a slowdown in current-dollar DPI (which is defined as personal income less personal current taxes); the implicit price deflator for PCE (which is used to deflate DPI) increased less than in the second quarter.

Personal income, which is measured only in current dollars, increased \$71.4 billion (or 3.0 percent) after increasing \$138.4 billion (or 6.0 percent). The slowdown was mainly traceable to proprietors' income and rental income, but current transfer receipts and wage and salary disbursements also contributed.

**Table 4. Personal Income and Its Disposition**

[Billions of dollars; seasonally adjusted at annual rates]

	Level		Change from preceding quarter				
	2004	2003	2004				
			III	IV	I	II	III
Compensation of employees, received .....	6,641.9	82.0	81.2	81.5	72.5		
Wage and salary disbursements .....	5,360.7	60.3	50.3	63.7	57.8		
Private industries .....	4,432.8	56.4	37.9	57.6	53.4		
Goods-producing industries .....	1,038.0	19.8	-6.6	9.0	10.0		
Manufacturing .....	680.7	14.2	-10.2	4.1	6.7		
Services-producing industries .....	3,394.8	36.7	44.6	48.6	43.3		
Trade, transportation, and utilities .....	890.0	11.3	0.4	7.2	10.4		
Other services-producing industries .....	2,504.9	25.5	44.1	41.4	33.0		
Government .....	927.9	3.9	12.3	6.2	4.4		
Supplements to wages and salaries .....	1,281.1	21.7	31.0	17.7	14.6		
Proprietors' income with IVA and CCAAdj .....	903.2	12.7	7.4	29.3	1.8		
Farm .....	10.7	-0.1	-6.8	1.0	-8.2		
Nonfarm .....	892.5	12.8	14.2	28.3	10.0		
Rental income of persons with CCAAdj .....	150.8	18.3	5.7	-0.2	-21.8		
Personal income receipts on assets .....	1,366.4	11.4	11.3	15.2	14.1		
Personal interest income .....	945.0	9.2	4.2	5.5	3.3		
Personal dividend income .....	421.3	2.2	7.1	9.7	10.7		
Personal current transfer receipts .....	1,413.9	4.5	28.3	21.4	13.5		
Less: Contributions for government social insurance .....	821.3	8.3	18.9	8.9	8.5		
<b>Equals: Personal income .....</b>	<b>9,654.8</b>	<b>120.7</b>	<b>115.0</b>	<b>138.4</b>	<b>71.4</b>		
Less: Personal current taxes .....	1,047.4	67.7	-2.8	22.4	18.4		
<b>Equals: Disposable personal income .....</b>	<b>8,607.4</b>	<b>52.9</b>	<b>117.9</b>	<b>116.0</b>	<b>53.0</b>		
Less: Personal outlays .....	8,572.5	101.6	142.2	97.1	123.8		
<b>Equals: Personal saving .....</b>	<b>35.0</b>	<b>-48.7</b>	<b>-24.3</b>	<b>18.9</b>	<b>-70.7</b>		
<b>Addenda: Special factors in personal income:</b>							
In government wages and salaries:							
Federal pay raise .....	5.5	0.0	5.2	0.3	0.0		
Federal civilian retroactive pay .....	0.0	0.0	0.3	1.2	-1.5		
Reservists' pay .....	7.8	-1.0	0.9	-0.9	-0.3		
In supplements to wages and salaries:							
Employer contributions for social insurance .....	7.2	0.0	7.2	0.0	0.0		
In contributions for social insurance:							
Changes in premium for supplementary medical insurance .....	3.2	0.0	3.2	0.0	0.0		
In nonfarm proprietors' income:							
Hurricane-related destruction of uninsured business property .....	-1.7	0.0	0.0	0.0	-1.7		
In rental income of persons:							
Hurricane-related destruction of uninsured residential property .....	-16.3	0.0	0.0	0.0	-16.3		
In personal current transfer receipts:							
Social security retroactive payments .....	0.0	2.5	-2.5	0.0	0.0		
Cost-of-living adjustments in Federal transfer programs .....	11.9	0.5	11.4	0.0	0.0		
Earned-income tax credit .....	2.7	0.0	2.7	0.0	0.0		
Hurricane-related net insurance settlements (excluding owner-occupied housing) .....	15.5	0.0	0.0	0.0	15.5		
In personal current taxes:							
Federal tax law changes .....	-3.2	0.0	0.0	-3.2	0.0		
Refunds, settlements, and other .....	-8.8	0.0	0.0	-8.8	0.0		

NOTE: Dollar levels are from NIPA tables 2.1 and 2.2B.  
IVA Inventory valuation adjustment  
CCAAdj Capital consumption adjustment

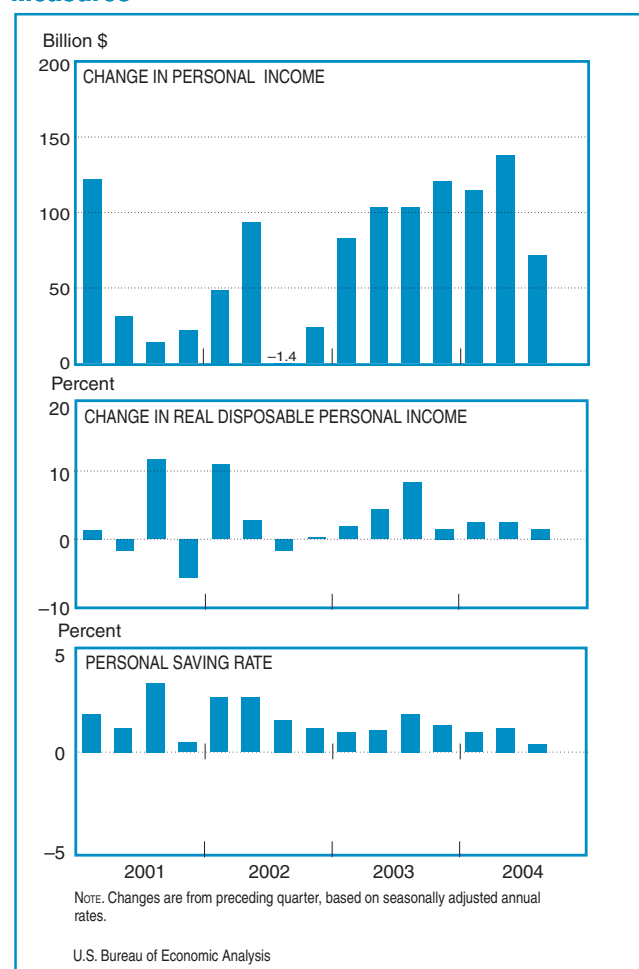
Rental income and proprietors' income were reduced by the property damage caused by the hurricanes that struck portions of the southern and eastern United States in the third quarter, and current transfer receipts were increased by insurance settlements related to the hurricanes.<sup>7</sup>

Proprietors' income slowed sharply. A large second-quarter increase in the income of nonfarm proprietors had mainly reflected a jump in commissions earned by real estate brokers; commissions turned down in the third quarter, and the income of nonfarm proprietors was reduced \$1.7 billion (annual rate) by the loss of uninsured business property in the hurricanes. The income of farm proprietors fell sharply in the third quarter after a modest increase in the second; the decrease mainly reflected a drop in prices received by farmers.

Rental income of persons decreased \$21.8 billion in

7. The effects of the hurricanes on corporate profits and other income-side components of the NIPAs are available on BEA's Web site at <[www.bea.gov/bea/dn/hurricane.htm](http://www.bea.gov/bea/dn/hurricane.htm)>.

**Chart 3. Selected Personal Income and Saving Measures**



the third quarter after little change in the second. Most of the decrease reflected the loss of uninsured residential property as a result of the hurricanes.

Current transfer receipts increased \$13.5 billion after increasing \$21.4 billion. A decrease in government social benefits reflected lower Medicaid payments by states. An increase in “other current transfer receipts”

reflected \$15.5 billion (annual rate) in net insurance settlements for hurricane-related damages to motor vehicles and other consumer durable goods.

Wage and salary disbursements increased \$57.8 billion after increasing \$63.7 billion. Disbursements by private services-producing industries and by government slowed.