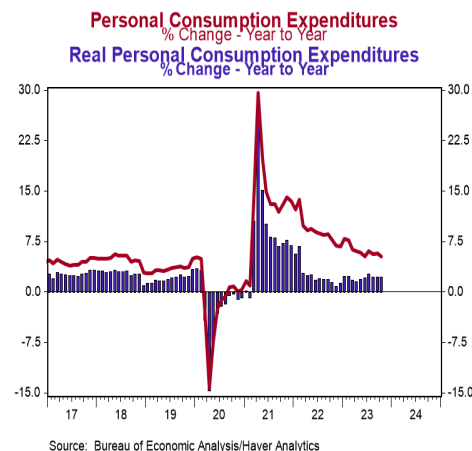


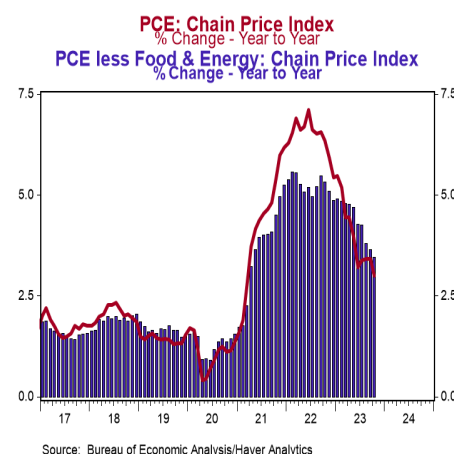
## October Personal Income and Consumption

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- Personal income rose 0.2% in October (+0.3% including revisions to prior months), matching consensus expectations. Personal consumption also rose 0.2% in October (+0.1% including revisions to prior months), matching consensus expectations. Personal income is up 4.5% in the past year, while spending has increased 5.3%.
- Disposable personal income (income after taxes) rose 0.3% in October and is up 7.0% from a year ago.
- The overall PCE deflator (consumer prices) was unchanged in October but is up 3.0% versus a year ago. The “core” PCE deflator, which excludes food and energy, rose 0.2% in October and is up 3.5% in the past year.
- After adjusting for inflation, “real” consumption rose 0.2% in October and is up 2.2% from a year ago.



**Implications:** Incomes and spending continued to grow in October, though at a more modest pace than in recent months, while falling oil prices kept inflation in check. Incomes rose 0.2% in October led by dividends and interest, while private sector wages rose a modest 0.1%. Personal income is up 4.5% over the last twelve months. Consumer spending also rose 0.2% in October, with a pickup in services partially offset by a decline in goods. Spending on services rose 0.4% in October and is up 6.8% in the past year (2.3% when adjusted for inflation). Goods spending declined 0.2% on the month but remains up 2.4% in the past year, while “real” inflation-adjusted spending on goods is up 2.1%. On the inflation front, PCE prices – the Federal Reserve’s preferred measure of inflation – was unchanged in October, bringing the twelve-month comparison down to 3.0%. “Core” inflation, which excludes the ever-volatile food and energy categories, rose 0.2% in October and is up 3.5% versus a year ago. Note that the Fed has prioritized a subset of inflation dubbed the “Super Core,” which is services only (no goods), excluding food, energy, and housing. That measure rose 0.1% in October and is up 3.9% versus a year ago, down from the 5.2% peak in October of last year, but still well above the Fed’s 2% inflation target. While many believe inflation has peaked (numbers from Europe helped reinforce this also today), inflation is still not contained. In other news this morning, initial claims for jobless benefits rose 7,000 last week to 218,000. Meanwhile, continuing claims rose 86,000 to 1.927 million. These figures suggest continued modest growth in employment in November.



Personal Income and Spending <i>All Data Seasonally Adjusted</i>	Oct-23	Sep-23	Aug-23	3-mo % ch. annualized	6-mo % ch. annualized	Yr to Yr % change
<b>Personal Income</b>	<b>0.2%</b>	0.4%	0.5%	4.6%	3.9%	4.5%
<b>Disposable (After-Tax) Income</b>	<b>0.3%</b>	0.4%	0.4%	4.5%	3.5%	7.0%
<b>Personal Consumption Expenditures (PCE)</b>	<b>0.2%</b>	0.7%	0.4%	5.3%	5.5%	5.3%
<b>Durables</b>	<b>-0.5%</b>	1.1%	-0.6%	-0.5%	1.9%	1.5%
<b>Nondurable Goods</b>	<b>0.0%</b>	0.5%	1.4%	7.6%	5.1%	2.8%
<b>Services</b>	<b>0.4%</b>	0.7%	0.2%	5.7%	6.3%	6.8%
<b>PCE Prices</b>	<b>0.0%</b>	0.4%	0.4%	3.2%	2.5%	3.0%
<b>"Core" PCE Prices (Ex Food and Energy)</b>	<b>0.2%</b>	0.3%	0.1%	2.4%	2.5%	3.5%
<b>Real PCE</b>	<b>0.2%</b>	0.3%	0.0%	2.1%	3.0%	2.2%

Source: Bureau of Economic Analysis