



# Economics Group

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## Personal Income and Spending Were Rebounding in June

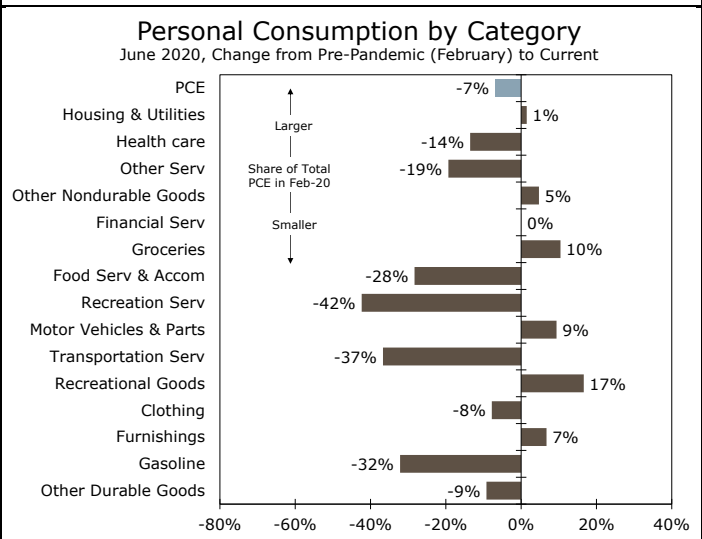
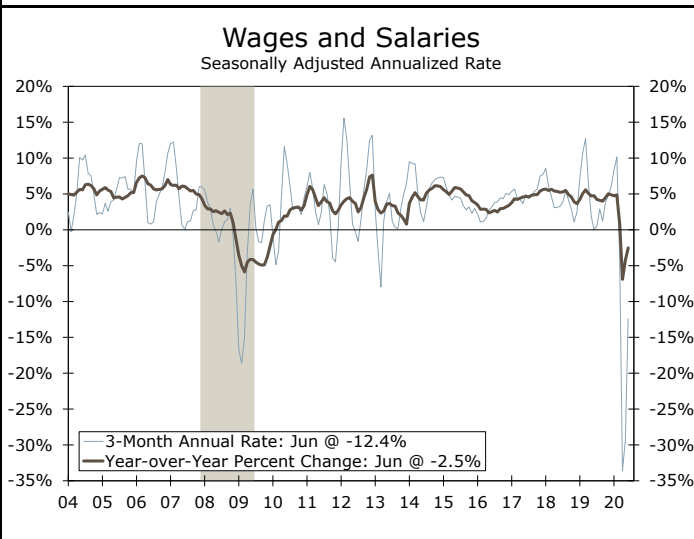
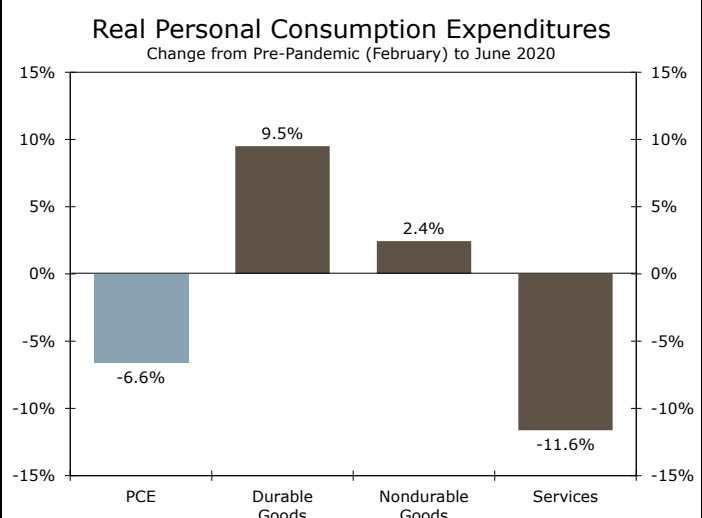
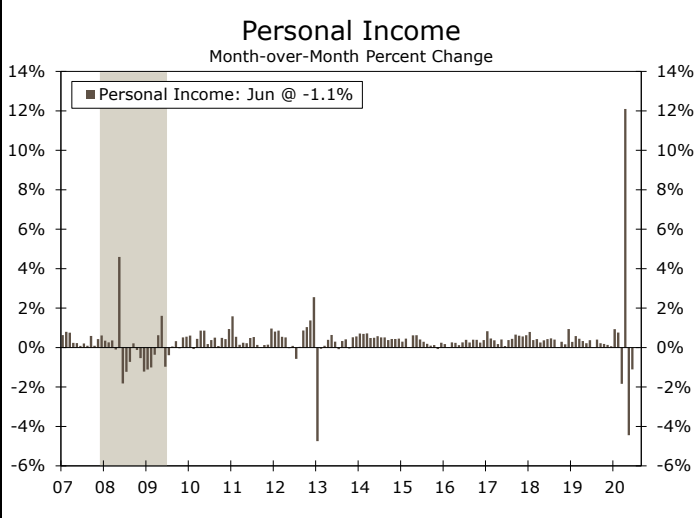
*Today's personal income and spending report offers another tantalizing look at the rebound that might have been. Wages and salaries continued to rise, fueling strong spending.*

- Drop in Government Transfers**

  - Personal income slipped 1.1% in June, a larger decline than had been expected. The absence of government stimulus checks was the key factor in the decline. The money being paid out in unemployment benefits also rose much smaller amount than in the prior month amid strong job growth in June.
  - As businesses began re-opening in June, wages and salaries rose 2.3% and proprietors' income shot up 5.5%.

**Goods Rebound Complete, Services Need Help**

  - The V-shape recovery has already come to real durable goods spending which rose another 8.8% in June pushing the level of outlays here further into record territory.
  - The much larger services category is still digging out. After a 5.0% June increase the real level here is still 11.6% shy of its pre-recession peak. The rebound in both categories remains vulnerable to virus flare-up and potential re-opening rollbacks.



Source: U.S. Department of Commerce and Wells Fargo Securities

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