



# Economics Group

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## Personal Income and Spending Were Rebounding in June

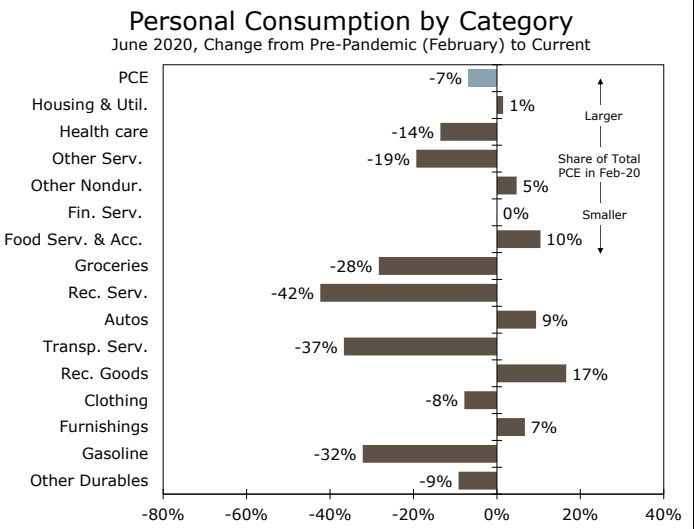
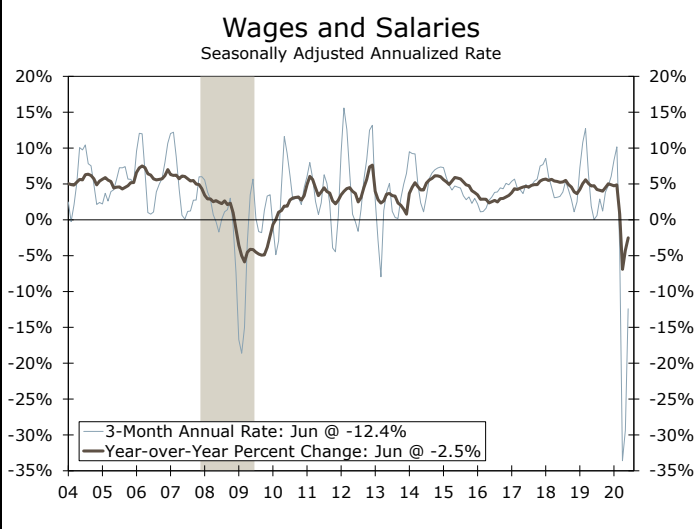
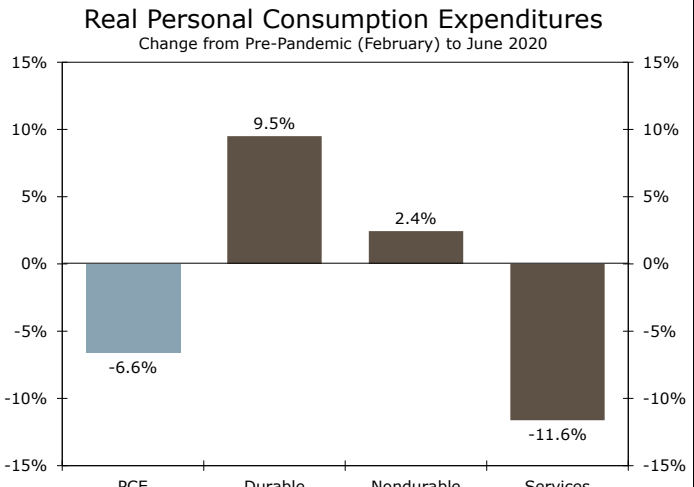
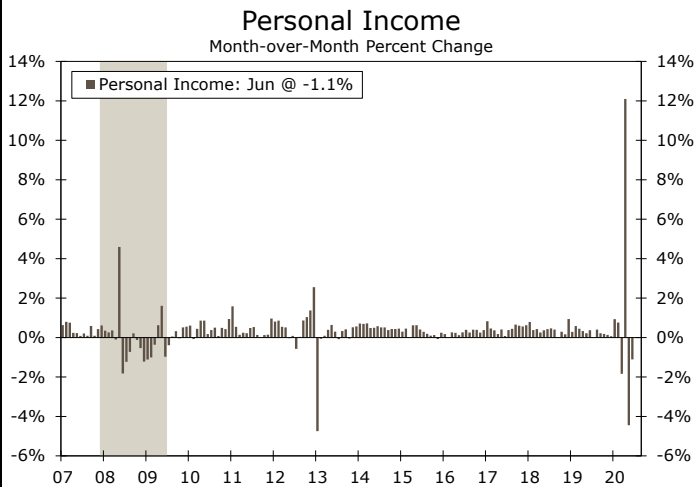
*Today's personal income and spending report offers another tantalizing look at the rebound that might have been. Wages and salaries continued to rise, fueling strong spending.*

### 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 by a 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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