



Increase In Income Data May Be Misleading - Government Statistics Review

Data released by the Commerce Department showed that consumer spending collapsed by a record 13.6% in April, the steepest drop since 1959. Stay home orders and store closures kept consumers from spending in addition to the sudden loss of jobs nationwide. What consumers spend in the economy represents over 70% of Gross Domestic Product (GDP), a critical component to the vitality of the U.S. economy.

The Commerce Department also released personal income data for April, which showed a 10.5% increase for the month of April. The data is considered misleading by many because it includes the one-time stimulus payments and enhanced unemployment benefits. Data actually revealed that the \$1200 stimulus payments and the \$500 per child payments accounted for the bulk of the personal income gains in April.

Economists expect the bump up in personal income for April to be short lived as stimulus payments and unemployment benefits start to fade away.

Sources: BEA, Labor Department, Commerce Department