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**COVID-19 Impacts on Arkansas’ Agricultural and Rural Economies**

**UPDATE:**

**June Personal Consumption Expenditures**

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On July 31, the U.S. Department of Commerce Bureau of Economic Analysis released the June update on personal income and expenditures. This report provides a useful summary of the impact of COVID-19 and the response to it on consumer behavior.

Personal income fell in June for the second straight month; however, personal income remains historically high. Figure 3 shows monthly aggregate personal income since 2005.

Data Source: St. Louis Federal Reserve Bank, FRED Economic Data

**Figure 1.** Monthly Personal Income

Employee compensation and proprietor’s income were both higher in June compared to both May and April. The month-to-month drop in personal income was due to a reduction in government transfers. This was mostly due to a slowdown in direct payments under the provision of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Despite a recovery of economic activity in June, compensation from unemployment insurance was higher in June than in May.

Personal consumption expenditures also increased in June as state economies began opening up. Expenditures were up across all major spending categories: durable goods, non-durable goods, and services. With income down and expenditure up, month-over-month, the personal savings rate declined significantly from May to June. Still, the personal savings rate for June came in at 19 percent. This is a historically high rate of savings, and it suggests that consumers are still engaging in considerable precautionary savings.

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