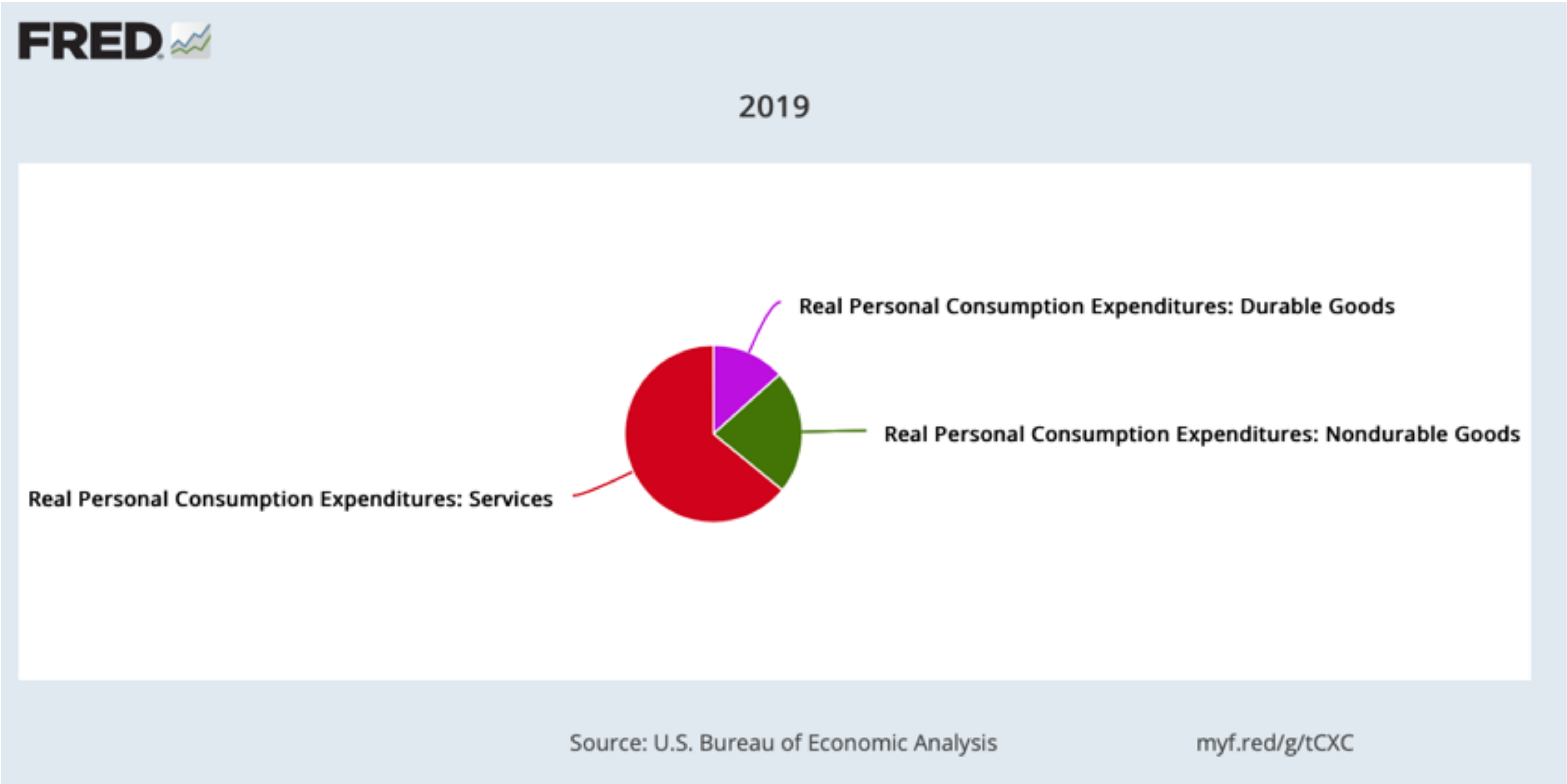

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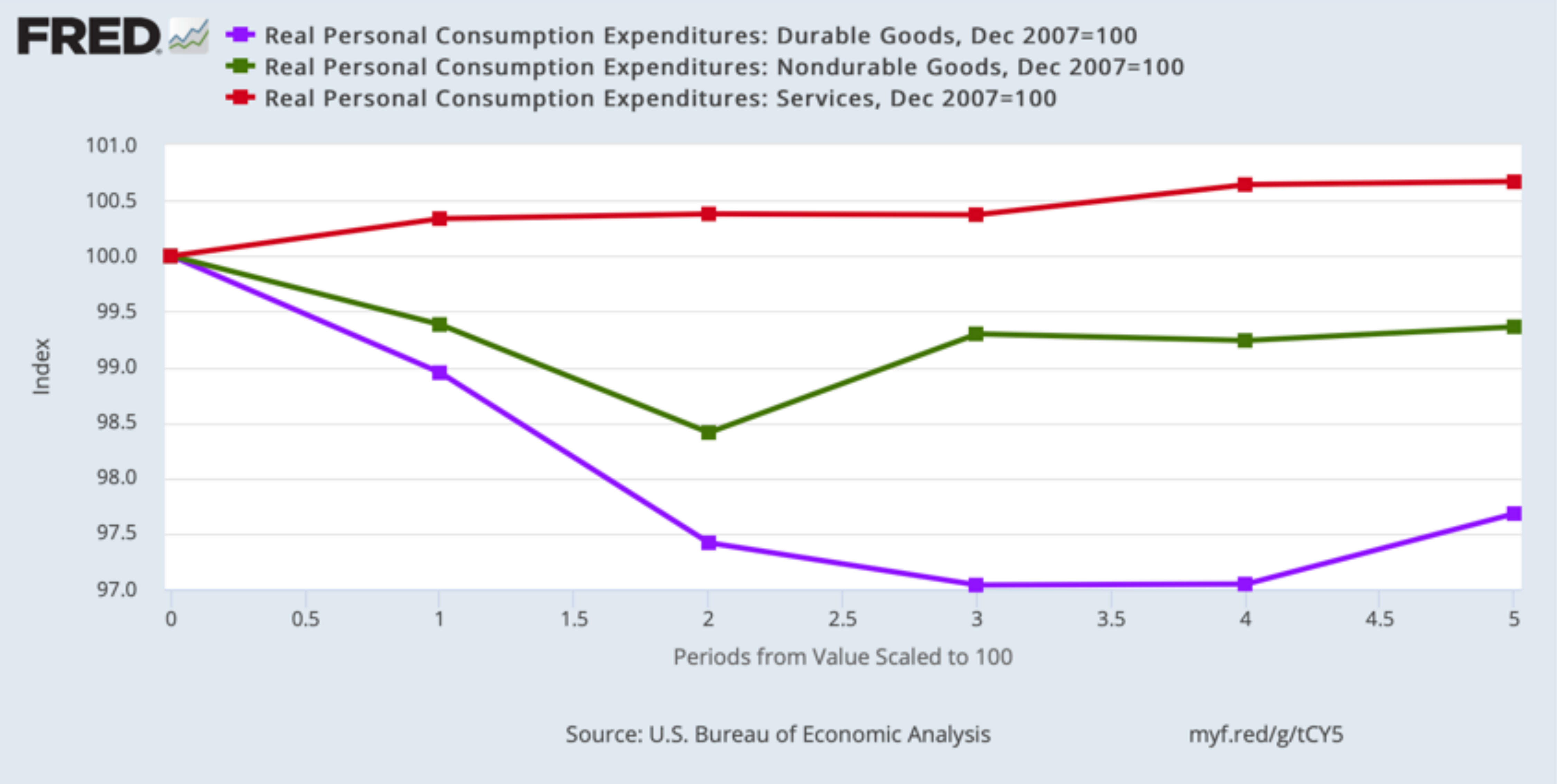
This decline in spending on services is significant for two reasons:

1. Personal consumption expenditures are the largest component of U.S. gross domestic product.
2. Household purchases of services represent the majority of personal consumption expenditures, as seen in the pie chart above. (The red, Pac-Man-shaped segment is consumption of services last year.)



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Our final FRED graph shows that, at the start of the Great Recession in December 2007, real personal consumption expenditures on services began to *increase*. At that time, households reduced spending on goods—both durable goods (automobiles, appliances, furniture) and nondurable goods (food, gasoline, clothing). A previous FRED blog post discusses the dips in household spending on goods during and after the 2007-2009 recession.

So, the recent decline in spending on services has meant lower personal consumption and reduced economic activity. As the economy opens back up, be sure to practice your three "W"s while shopping for goods and/or services: **Watch** your social distance. **Wear** your mask. **Wash** your hands.

How these graphs were created: From FRED's main page, browse data by "Release." Search for "Personal Income and Outlays" and click on "Table 2.8.6. Real Personal Consumption Expenditures by Major Type of Product, Chained Dollars." From the table, select the "Durable goods," "Nondurable goods," and "Services" series and click "Add to Graph." To change the units of the series to a custom index with integer periods, see here. For the pie chart, start from the release for real personal consumption expenditures, check the relevant series, and click "Add to Graph." From the "Edit Graph" panel, use the "Format" tab to select graph type "Pie."