



U.S. ECONOMIC STRENGTH

TREASURY ECONOMIC UPDATE 6.1.07

"The economy is on track to rebound in the second quarter and beyond following a slowdown of late-2006 and early this year. The strong labor market will support household spending, and this in turn will drive a continued upturn in business investment."

Assistant Secretary Phillip Swagel, June 1, 2007

Job Creation Continues:

Job Growth: 157,000 new jobs were created in May and 2 million new jobs have been created over the past 12 months. The United States has added 8 million jobs since August 2003 – more new jobs than all the other major industrialized countries combined. Our economy has seen job gains for 45 straight months. Employment has increased in 48 states and the District of Columbia within the past year. *(Last updated: June 1, 2007)*

Low Unemployment: The unemployment rate of 4.5 percent is close to the lowest reading in six years. Unemployment rates have decreased or held steady in 31 states and the District of Columbia over the past year. *(Last updated: June 1, 2007)*

The U.S. Economy is in Transition to a Sustainable Growth Path:

Economic Growth: Real GDP growth was 0.6 percent in the first quarter of 2007, and 1.9 percent over the past 4 quarters. *(Last updated: May 31, 2007)*

Household Spending: Consumer spending—up a strong 4.4 percent in Q1—is expected to provide a solid foundation for faster economic activity in the rest of 2007. *(Last updated: May 31, 2007)*

Business Investment: Capital investment turned up in the first quarter, boosted by outlays for commercial structures and equipment and software. *(Last updated: May 31, 2007)*

Tax Revenues: Tax receipts rose 11.8 percent in fiscal year 2006 (FY06) on top of FY05's 14.6 percent increase. Receipts have grown another 11.2 percent so far in FY07. *(Last updated: May 10, 2007)*

Steady Productivity: Labor productivity has grown at an annual rate of 2.8 percent since the business cycle peak in 2001Q1. *(Last updated: May 3, 2007)*

Americans are Keeping More of Their Hard-Earned Money:

Real Wages Increased 1.2 percent Over the Past 12 Months (ending in April). This translates into an additional \$400 above inflation for the average full-time production worker.

Real After-Tax Income Per Person has Risen 11 percent - an extra \$3,100 per person – since the President took office.

Pro-Growth Policies will Enhance Long-Term U.S. Economic Strength:

The Administration proposed a budget that reaches a small surplus in 2012. Economic growth has generated increased tax receipts and dramatically improved the budget outlook. The budget holds the line on spending. The budget reduces the deficit as a percentage of GDP—the most meaningful measure of its size—every year through 2012. The time has come for both political parties to work together on comprehensive earmark reform that produces greater transparency and accountability to the congressional budget process, including full disclosure for each earmark and cutting the number and cost of all earmarks by half.

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