



## TREASURY ECONOMIC UPDATE 12.19.08

*"Today's employment data reflect the impact of the credit market disruption on the labor market and on the broad economy. Actions taken by Treasury will help stabilize the financial system, promote lending, and contribute to an economic recovery over time."*

Assistant Secretary Phillip Swagel, December 5, 2008

### Employment Fell in November:

**Job Growth:** Payroll employment fell by 533,000 in November, following a decrease of 320,000 in October. *(Last updated: December 5, 2008)*

**Unemployment:** The unemployment rate was 6.7 percent in November, up from 6.5 percent in October and 2.0 percentage points higher than a year ago. *(Last updated: December 5, 2008)*

### The Economy Slipped in Q3:

**Real GDP:** Real GDP edged down 0.5 percent at an annual rate in Q3, as consumer spending fell, business investment declined, and the housing sector continued to weaken. Net exports remained a source of strength, however, contributing 1.1 percentage points to real growth. Inventory investment and government spending also provided support to the economy in Q3. *(Last updated: November 25, 2008)*

### Solid Export Growth and Low Core Inflation Remain Bright Spots:

**Exports:** Exports have been a key driver of growth. Over the past 4 quarters they rose a solid 6.3 percent. *(Last updated: November 25, 2008)*

**Inflation:** Core inflation remains contained. The consumer price index excluding food and energy rose 2.0 percent over the 12 months ending in November. *(Last updated: December 16, 2008)*

### The Emergency Economic Stabilization Act Will Provide Needed Stability for our Financial Markets:

The Administration and the Congress together have taken strong action to support the economy through the Emergency Economic Stabilization Act of 2008. Treasury is working to implement the Act to stabilize markets, promote increased lending, and foster improved growth and job creation. *(Last updated: December 5, 2008)*

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

The Federal budget deficit widened by \$292 billion to \$455 billion (3.2 percent of GDP) in FY2008, following 3 years of improvement that trimmed the deficit to \$162 billion (1.2 percent of GDP) in FY2007. The increase was due in part to the slowing economy and the economic stimulus package enacted early in 2008. The FY2008 budget results reinforce the need to not only address short-term challenges, but to pursue policies that promote economic growth and fiscal responsibility, and address entitlement reform.

[www.treas.gov/economic-plan](http://www.treas.gov/economic-plan)