



U.S. ECONOMIC STRENGTH

TREASURY ECONOMIC UPDATE 5.4.07

"We see hopeful signs that growth will pick up through the year; business investment looks set to rebound, consumer spending is sustaining growth and strong global activity should propel exports going forward."

Assistant Secretary Phillip Swagel, May 4, 2007

Job Creation Continues:

Job Growth: 88,000 new jobs were gained in April and nearly 2 million new jobs have been created over the past 12 months. The United States has added 7.9 million jobs since August 2003 – more new jobs than all the other major industrialized countries combined. Our economy has seen job gains for 44 straight months. Employment has increased in 47 states within the past year. *(Last updated: May 4, 2007)*

Low Unemployment: The unemployment rate of 4.5 percent is among the lowest reading in six years. Unemployment rates have decreased or held steady in 36 states and the District of Columbia over the past year. *(Last updated: May 4, 2007)*

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

Economic Growth: Real GDP growth was 1.3 percent in the first quarter of 2007, and 2.1 percent over the past 4 quarters. *(Last updated: April 27, 2007)*

Household Spending: Consumer spending—up 3.8 percent in Q1—remains strong and is expected to provide a solid foundation for faster economic activity in the rest of 2007. *(Last updated: April 27, 2007)*

Business Investment: Capital investment turned up in the 1st quarter, boosted by outlays for commercial structures and equipment and software. *(Last updated: April 27, 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 8 percent so far in FY07. *(Last updated: April 11, 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 1.3 percent Over the Past 12 Months (ending in March). This translates into an additional \$450 above inflation for the average full-time production worker.

Real After-Tax Income Per Person has Risen 10 percent - an extra \$2,950 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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