



TREASURY ECONOMIC UPDATE 7.6.07

"Our strong labor market is the foundation of our positive outlook for the U.S. economy. With today's data we see further confirmation that the U.S. economy is fundamentally healthy. We have steady job growth, a low unemployment rate and steady wage growth."

Assistant Secretary Phillip Swagel, July 6, 2007

Job Creation Continues:

Job Growth: 132,000 new jobs were created in June and over 2 million new jobs have been created in the past 12 months. The United States has added over 8 million jobs since August 2003 – more new jobs than all the other major industrialized countries combined. Our economy has seen job gains for 46 straight months. Employment has increased in 47 states and the District of Columbia within the past year. *(Last updated: July 6, 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 32 states and the District of Columbia over the past year. *(Last updated: July 6, 2007)*

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

Economic Growth: Real GDP growth was 0.7 percent in the first quarter of 2007, and 1.9 percent over the past 4 quarters. *(Last updated: June 28, 2007)*

Household Spending: Consumer spending—up 3.5 percent over the year ending in Q1—should provide a good foundation for faster economic activity in the rest of 2007. *(Last updated: June 28, 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 8.0 percent so far in FY07. *(Last updated: June 12, 2007)*

Steady Productivity: Labor productivity has grown at an annual rate of 2.8 percent since the business cycle peak in 2001Q1. *(Last updated: June 6, 2007)*

Americans are Keeping More of Their Hard-Earned Money:

Real Wages Increased 1.1 percent Over the Past 12 Months (ending in May). This translates into an additional \$375 above inflation for the average full-time production worker.

Real After-Tax Income Per Person has Risen 10 percent - an extra \$2,965

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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