

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Economic Update 2.1.08

2/1/2008

"Recent data indicate that economic growth and the pace of job creation have slowed. At the same time, the unemployment rate remains low and core inflation is contained. We expect that the economy will continue to expand, even as the housing downturn and credit market strains remain a drag on growth. Rapid enactment of the bipartisan growth package passed by the House of Representatives would provide important support for the economy this year."

Assistant Secretary Phillip Swagel, February 1, 2008

Job Creation Has Slowed:

Job Growth: Payroll employment fell by 17,000 in January, following a gain of 82,000 jobs in December. The United States has added 1 million jobs in the past 12 months and 8.3 million jobs since August 2003. Employment increased in 47 states and the District of Columbia over the year ending in December. *(Last updated: February 1, 2008)*

Low Unemployment: The unemployment rate edged down to 4.9 percent in January from 5.0 percent in December. Unemployment rates have declined in 12 states and the District of Columbia over the year ending in December. *(Last updated: February 1, 2008)*

There Are Still Many Signs of Economic Strength:

Business Investment: Business spending on commercial structures and equipment rose solidly in the fourth quarter. Healthy corporate balance sheets should support continued investment growth. *(Last updated: January 30, 2008)*

Exports: Strong global growth is boosting U.S. exports, which grew by 7.7 percent over the past 4 quarters. *(Last updated: January 30, 2008)*

Inflation: Core inflation remains contained. The consumer price index excluding food and energy rose 2.4 percent over the 12 months ending in December. *(Last updated: January 16, 2008)*

Tax Revenues: Tax receipts rose 6.7 percent in fiscal year 2007 (FY07) on top of FY06's 11.8 percent increase. As a share of GDP, FY07 receipts exceeded their 40-year average. *(Last updated: October 12, 2007)*

Americans Are Keeping More of Their Hard-Earned Money:

Real after-tax income per person increased 1.1 percent over the past 12 months (ending in December). *(Last updated: January 31, 2008)*

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

We are on track to make significant further progress on the deficit. The FY07 budget deficit was down to 1.2 percent of GDP, from 1.9 percent in FY06. Much of the improvement in the deficit reflects strong revenue growth, which in turn reflects strong economic growth. Looking ahead, higher spending on entitlement programs dominates the future fiscal situation; we must squarely face up to the challenge of reforming these programs.

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