

## U.S. DEPARTMENT OF THE TREASURY

## Press Center

**Treasury Economic Update 3.7.08**

3/7/2008

HP-865

***" Today's job market report reflects the impacts of the housing correction, credit market strains, and high energy prices. We have known for some time that these factors have been weighing on the economy, and this is why the President took action with the stimulus package. We expect the stimulus to start taking effect in the second quarter; it will support consumer and business spending while adjustments continue in housing and credit markets.***

Assistant Secretary Phillip Swagel, March 7, 2008

**Employment Fell in February:**

**Job Growth:** Payroll employment fell by 63,000 in February, following a decrease of 22,000 jobs in January. The United States has added 8.2 million jobs since August 2003. Employment increased in 47 states and the District of Columbia over the year ending in December. *(Last updated: March 7, 2008)*

**Low Unemployment:** The unemployment rate edged down to 4.8 percent in February from 4.9 percent in January. Unemployment rates declined in 12 states and the District of Columbia over the year ending in December. *(Last updated: March 7, 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: February 27, 2008)*

**Exports :** Strong global growth is boosting U.S. exports, which grew by 7.9 percent over the past 4 quarters. *(Last updated: February 27, 2008)*

**Inflation:** Core inflation remains contained. The consumer price index excluding food and energy rose 2.5 percent over the 12 months ending in January. *(Last updated: February 20, 2008)*

**The Economic Stimulus Package Will Provide a Temporary Boost to Our Economy:**

**The package will help our economy weather the housing correction and other challenges.** The Economic Stimulus Act of 2008, signed into law by President Bush on February 13, has two main elements--temporary individual tax relief so that working Americans have more money to spend and temporary tax incentives for businesses to invest and grow. Together, the legislation will provide about \$150 billion of tax relief for the economy in 2008, leading to the creation of over half a million additional jobs by the end of this year. *(Last updated: February 29, 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.

