



# WEEKLY ECONOMIC DIGEST

## JOINT ECONOMIC COMMITTEE

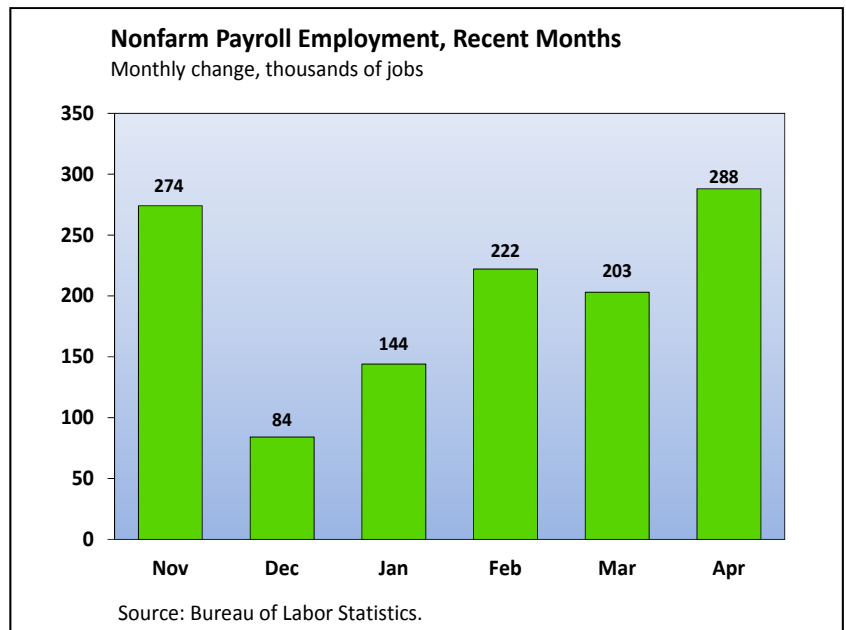
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May 6, 2014

## Nearly 300,000 Jobs Added in April

### Strong job growth last month exceeded expectations

- Nonfarm employment rose by 288,000 jobs in April, according to the Bureau of Labor Statistics (see chart). Forecasters had expected employment gains of just over 200,000.
- The Bureau of Labor Statistics also revised up March and February employment numbers by an additional 36,000 jobs.
- Over the past three months, the economy has added an average of 238,000 jobs per month, the strongest pace since early 2012.
- Job gains were widespread among private-sector industries in April, with significant increases in professional and business services, retail trade, food and drinking establishments, and construction.
- State and local government employment continued to rise in April, but federal payrolls declined again and are down 83,000 jobs over the past 12 months.



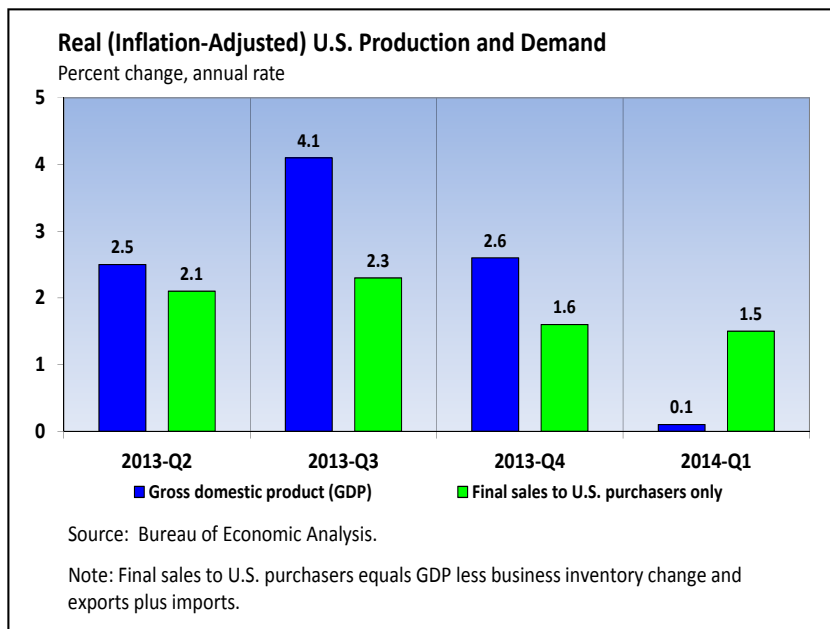
### Unemployment declined to lowest level in over 5 years

- The unemployment rate decreased 0.4 percentage point to 6.3 percent of the civilian labor force last month, reaching its lowest level since September 2008.
- The April decline in the unemployment rate reflected a drop in labor force participation: the fraction of the population who were either working or actively seeking work slipped to 62.8 percent last month.
- Long-term unemployment also declined last month, but remains at a high level: workers who have been jobless for 27 or more weeks amounted to 2.2 percent of the labor force, well above the levels that prevailed prior to the recession.

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## U.S. economic growth slowed in the first quarter

- Real (inflation-adjusted) gross domestic product (GDP) grew at a 0.1 percent annual rate in the first quarter, after growing 2.6 percent in the fourth quarter of 2013 (see chart).
- A number of factors combined to temper first-quarter growth of GDP, among them unusually severe winter weather and substantial inventory trimming by businesses.
- Domestic demand, which subtracts changes in inventory and exports from GDP, has been relatively weak for the last two quarters: real final sales to U.S. purchasers grew at a 1.5 percent annual rate in the first quarter, little changed from the 1.6 percent increase in the previous quarter (see chart).



## Labor compensation continued to grow over the first quarter

- Compensation of civilian workers (which includes wages, salaries and benefits) increased 0.3 percent over the first three months of 2014, after rising 0.5 percent over the last quarter of 2013.
- After adjusting for inflation, compensation has grown by 0.3 percent over the 12 months ending in March, but still remains below the level that prevailed in early 2010 when the recovery in employment began.

### THE ECONOMY AT A GLANCE

Key Indicators	Months			Quarters			Years	
	Apr.	Mar.	Feb.	2014-Q1	2013-Q4	2013-Q3	2013	2012
Real GDP growth (%)	—	—	—	0.1	2.6	4.1	2.6	2.0
Unemployment (% of labor force)	6.3	6.7	6.7	6.7	7.0	7.3	7.0	7.8
Long-term unemployment (% of labor force)	2.2	2.4	2.5	2.4	2.6	2.7	2.6	3.1
Inflation (%)	n.a.	0.2	0.1	1.9	1.1	2.2	1.2	1.9
Core inflation (% , excludes food & energy)	n.a.	0.2	0.1	1.6	1.6	1.8	1.7	1.9

Sources: Staff estimates based on data from the Bureau of Economic Analysis and the Bureau of Labor Statistics.

Notes: (—) Real GDP data are not released on a monthly basis. (n.a.) Data are not yet available.

Real GDP growth is the change in gross domestic product after adjusting for inflation. Long-term unemployment refers to those workers who have been unemployed for 27 weeks or longer. Inflation and core inflation refer to changes in the relevant consumer price indexes for all urban consumers. Quarterly estimates of GDP growth and inflation are reported at annual rates. Yearly estimates of GDP growth and inflation are Q4-to-Q4. Yearly unemployment rate estimates are Q4 averages.