



WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

UNITED STATES CONGRESS

SENATOR ROBERT P. CASEY, JR., CHAIRMAN

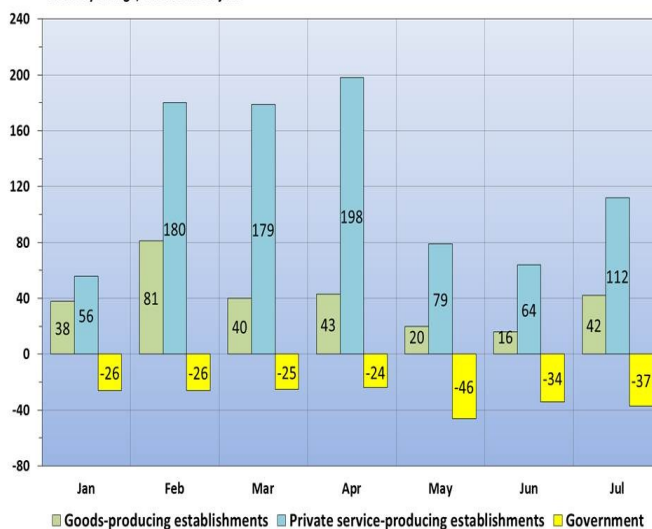
August 8, 2011

July Jobs Report: Stronger Than Expected, Not Strong Enough

- Payroll employment picked up somewhat in July. Total nonfarm employment increased by 117,000 jobs last month following (revised) gains of 46,000 in June and 53,000 in May, according to the Labor Department's survey of establishment payrolls. The July employment increase exceeded the consensus forecast (an increase of 84,000). Private nonfarm payrolls increased by 154,000 jobs in July, paced by a 112,000 rise in the payrolls of private-service producing establishments (see chart). Public payrolls continued to shrink in July, shedding 37,000 jobs, with losses concentrated in state and local government.
- The unemployment rate edged down last month as labor force participation declined. Unemployment declined by 0.1 percentage point to 9.1 percent of the civilian labor force in July, according to estimates from the Labor Department's survey of households. While a decline in unemployment is typically good news, the factors underlying the July drop are cause for concern. The proportion of the population with a job dropped to 58.1 percent, a new cyclical low (see chart). The rate of labor force participation (the proportion of the population either employed or actively searching for work) declined by 0.2 percentage point to 63.9 percent, the lowest rate in decades.
- Other indicators of labor market slack continue to concern. The unemployment rate for teenagers (16-19 years) was 25.0 percent in July. Also extraordinarily high were the rates of unemployment for African Americans (15.9 percent), disabled workers (16.8 percent), and women who maintain families (12.1 percent, not seasonally adjusted).

Nonfarm Payroll Employment, 2011

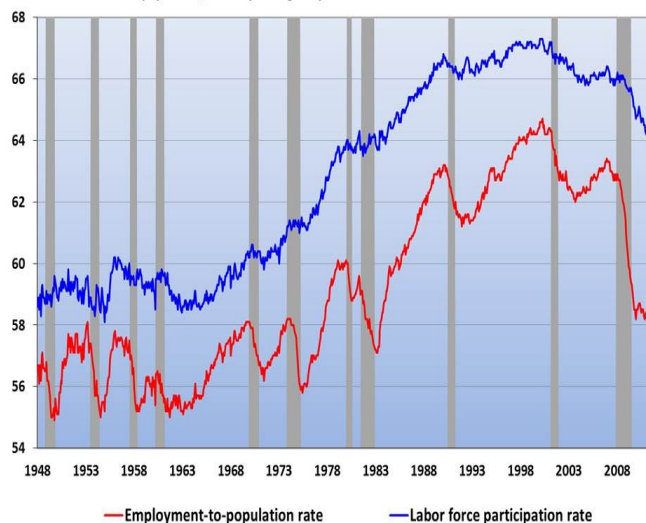
Monthly change, thousands of jobs



Source: Bureau of Labor Statistics, U.S. Department of Labor.

Employment and Participation Rates

Percent of civilian population, monthly through July 2011



Source: Bureau of Labor Statistics, U.S. Department of Labor.

Note: Shaded areas mark periods of recession as determined by the National Bureau of Economic Research.

WEEKLY ECONOMIC DIGEST

THE WEEK AHEAD

DAY	UPCOMING DATA RELEASES & EVENTS
Tuesday, Aug 9	Productivity and Costs (Second quarter, preliminary) Federal Open Market Committee announcement concerning monetary policy
Thursday, Aug 11	U.S. International Trade in Goods and Services (June)
Friday, Aug 12	Advance Report on Retail Sales (July) Business Inventories (June)

THE ECONOMY AT A GLANCE

KEY INDICATORS	MONTH			QUARTER			YEAR	
	Jul	Jun	May	2011 Q2	2011 Q1	2010 Q4	2010	2009
<u>Economic Activity</u>								
Real gross domestic product	—	—	—	1.3	0.4	2.3	3.0	-3.5
Manufacturing production	n.a.	0.0	0.1	0.2	7.2	3.4	5.4	-13.5
Factory utilization rate (percent of capacity)	n.a.	74.4	74.4	74.4	74.5	73.3	71.7	66.2
Civilian unemployment rate (percent of labor force)	9.1	9.2	9.1	9.1	8.9	9.6	9.6	9.3
Housing starts (thousands of units, annual rates)	n.a.	629	549	576	582	539	585	554
Light vehicle sales, domestic (millions of units, annual rates)	9.622	8.990	9.069	9.406	9.907	9.292	8.812	7.680
Retail & food service sales	n.a.	0.1	-0.1	4.4	10.5	12.5	6.4	-7.0
Real disposable personal income	n.a.	0.3	0.0	0.7	0.7	1.5	1.8	-2.3
Personal saving rate (percent of disposable income)	n.a.	5.4	5.0	5.1	4.9	5.2	5.3	5.1
<u>Inflation & Productivity</u>								
CPI-U inflation	n.a.	-0.2	0.2	4.1	5.2	2.6	1.6	-0.3
Core CPI-U inflation	n.a.	0.3	0.3	2.5	1.7	0.6	1.0	1.7
Output per hour, nonfarm bus.	—	—	—	n.a.	1.8	2.9	3.9	3.7
Unit labor costs, nonfarm bus.	—	—	—	n.a.	0.7	-2.8	-1.6	-1.6
Employment Cost Index	—	—	—	n.a.	2.4	1.6	1.9	1.7

Sources: Bureau of Economic Analysis, U.S. Department of Commerce; Bureau of the Census, U.S. Department of Commerce; and Bureau of Labor Statistics, U.S. Department of Labor.

Notes: Except where otherwise noted, values in the table represent as simple percent changes for monthly data and percent changes at annual rates for quarterly data. Core CPI-U inflation is the percentage change in the CPI-U excluding food and energy prices as reported by the Bureau of Labor Statistics. The Employment Cost Index covers all civilian workers and the quarterly change is measured from the last month of the previous quarter to the last month of the indicated quarter. 'n.a.' denotes that data are not yet available. '—' denotes that data are not available monthly.