



MONTHLY ECONOMIC DIGEST

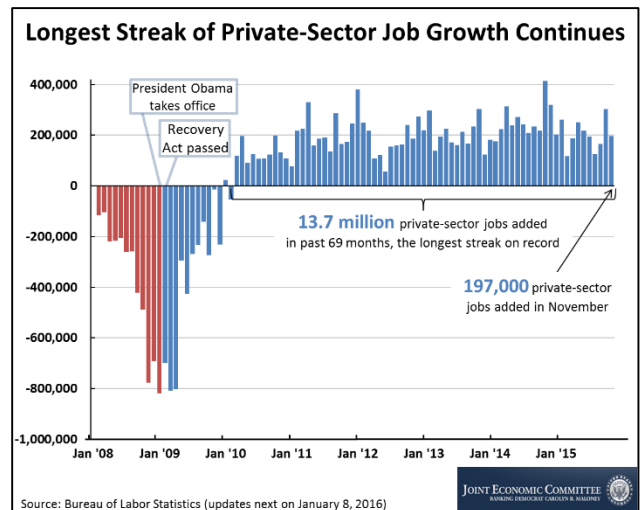
Covering data released between November 19th and December 11th

The economy continues to improve. November marked the 69th consecutive month of private-sector job gains, with the economy adding 13.7 million private-sector jobs over that period and extending the longest streak on record. The unemployment rate is at its lowest level since early 2008.

Economic growth continued moderately in the third quarter with the second estimate of real gross domestic product (GDP) indicating that the economy expanded at an annual rate of 2.1 percent. Many economists stress that while GDP growth has been moderate we expect to see strong final demand growth in the fourth quarter.

The U.S. Economy Has Had the Strongest Three Years of Private-Sector Job Creation Since 2000

- **Nonfarm employers** added 211,000 jobs in November, with the private sector accounting for most (197,000) of those job gains.
- **Average hourly earnings** of private nonfarm workers increased in November by 4 cents to \$25.25 per hour, and were up 57 cents over the last 12 months.
- The **unemployment rate** remained unchanged at 5.0 percent last month, half of its recession-era peak of 10.0 percent. It is now slightly below CBO's current estimate of a 5.05 percent natural rate of unemployment, the rate considered by economists to be normal in an economy operating at its potential. There are 7.9 million **unemployed workers** looking for work, nearly half the number of who were unemployed at the recession-era peak.
- The prospects for unemployed workers continue to improve. In October, there were only 1.5 **unemployed workers for every job opening**, while during the depths of the downturn there were about 7 unemployed workers for every job opening.
- The most comprehensive measure of **underemployment (U-6)** edged up slightly last month to 9.9 percent. It is down considerably from its peak of over 17 percent in late 2009 and early 2010.



The Housing Market Continues to Show Improvement

- **Housing prices** rose by 0.8 percent in September according to the FHFA House Price Index (HPI). Prices have risen approximately 25 percent from their trough in March 2011.
- **Sales of new single-family homes** have risen 4.9 percent over the past 12 months. Economists believe that rising new home sales are an indication that household consumption will increase in coming months.



Retail Sales Edged Up in November

- **Retail sales**, excluding auto related sales which fluctuate widely, edged up by 0.5 percent in November, according to the Census Bureau's advance estimate. Over the past 12 months, this figure increased 3.6 percent. Retail sales are an important component of consumer spending, which accounts for roughly two-thirds of economic activity.

Gasoline Prices Declined Over the Past Four Weeks

- **Retail gasoline prices** declined by over 18 cents per gallon over the last four weeks—the average national price of regular gasoline is now \$2.05 per gallon. A year ago, average prices were \$2.68 per gallon and they were as high as \$3.71 per gallon at the recent peak in April 2014. The decline in gasoline prices has supported growth in household consumption as consumers now have more disposable income to spend away from the pump.

International Economic Developments and Trade

- **The European Central Bank (ECB)** extended its quantitative easing program last week. However, the expansion fell short of market expectations. The announcement triggered sell-offs in European equity markets resulting in a sharp rise of the value of the euro against the US dollar.
- If, as many economists expect, the Federal Reserve begins to raise interest rates later this month, the **U.S. dollar** should remain strong in the foreseeable future.
- The **U.S. trade deficit** widened in October as exports fell to a three-year low. Over the past 12 months the trade deficit has widened by 2.7 percent.

Additional Reading

Jeffrey Sparshott, "As America's Workforce Ages, Here's Where the Jobs Will Be," *The Wall Street Journal* (12/8/15)

Michael Fletcher, "Income inequality has squeezed the middle class out of the majority," *The Washington Post* (12/9/15)

Neil Irwin, "The Economy is Growing, but Not Fixed Yet," *The New York Times* (12/4/15)

Ylan Q. Mui, "Why the U.S. and Europe are taking such a different approach to their economies," *The Washington Post* (12/2/15)

Additional resources are available on the JEC Democrats' website (www.bit.ly/jecdems)

THE ECONOMY AT A GLANCE								
Key Indicators	Months			Quarters			Years	
	Nov	Oct	Sep	2015-Q3	2015-Q2	2015-Q1	2014	2013
Real GDP growth (%)	—	—	—	2.1	3.9	0.6	2.5	2.5
Unemployment (% of labor force)	5.0	5.0	5.1	5.1	5.4	5.6	5.7	7.0
Long-term unemployment (% of labor force)	1.3	1.4	1.3	1.4	1.5	1.7	1.8	2.6
Inflation (%)	N/A	0.2	-0.2	1.6	3.0	-3.1	1.2	1.2
Core inflation (% , excludes food & energy)	N/A	0.2	0.2	1.7	2.5	1.7	1.7	1.7
Real hourly wages and salaries, private industry	—	—	—	2.6	-1.7	3.3	1.4	0.6

Sources: JEC 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, inflation and real wages are reported at annual rates. Real wages are based on nominal data from the National Compensation Survey and are adjusted for inflation in personal consumption expenditures; quarterly change in real wages is measured between the final months of each quarter. Yearly estimates of GDP growth and inflation are Q4-to-Q4. Yearly unemployment rate estimates are Q4 averages. Yearly estimates of change in real wages are measured from December to December.