



May 22, 2015

MONTHLY ECONOMIC DIGEST

Covering data released between April 23rd and May 22nd

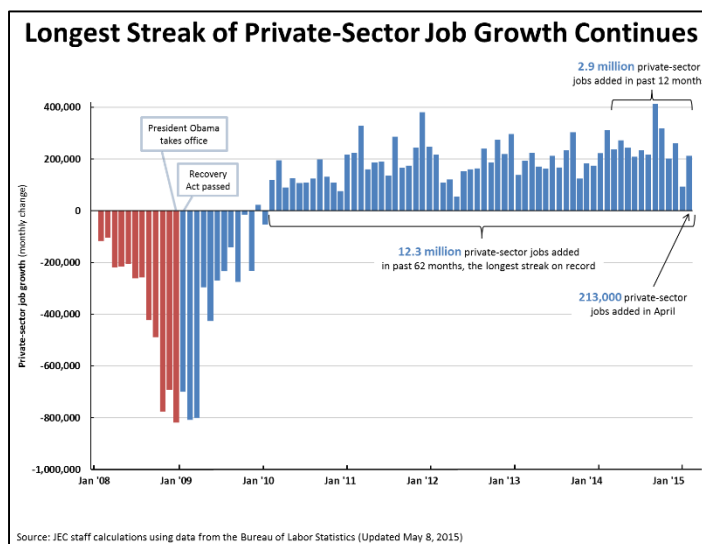
The economy continues to improve from the worst economic disaster since the Great Depression. While the economic indicators released over the past month have been mixed, there remains underlying strength in the recovery. The unemployment rate edged down to 5.4%, the lowest rate since May 2008. New single-family home construction surged to a seven-year high in April. However, retail sales showed little change.

Forecasts for second quarter annual growth currently range between 1.8 and 2.2 percent. It is expected that upcoming revisions to GDP will suggest that the economy contracted in the first quarter. However, many economists argue that the economy is performing better in the first part of the year than the official GDP measure indicates because of shortcomings in the methodology used to account for the predictable economic slowdown that occurs every winter.

The Labor Market Continues to Strengthen

- **Jobs:** Nonfarm employers added 223,000 jobs in April. Private-sector employment, which has led the recovery, increased by 213,000 jobs.
- **Earnings:** Average hourly earnings of private nonfarm workers edged up 0.1 percent in April to \$24.87 per hour. Over the past year, private-sector workers have seen their earnings grow by 2.2 percent, slightly above the current rate of inflation.
- **Unemployment:** The unemployment rate dropped 0.1 percentage point to 5.4 percent last month, reaching its lowest level since May 2008.

During the recession, the unemployment rate was as high as 10.0 percent, and more than 15.3 million individuals were unemployed.



- **Job Openings:** Job openings edged down 2.9 percent through the end of March, after rising by 3.6 percent in February. On average, there were 1.7 unemployed workers for every job opening in March. This is a substantial improvement since the depths of the downturn when there were about 7 unemployed workers per job opening.
- **Separations:** Hiring and voluntary separations were little changed in March, but rose significantly over the course of 2014. The fact that more workers are having the confidence to change jobs is seen as a sign that the labor market is improving.



The Housing Market Continues to Show Improvement

- **Housing Starts:** The number of new single-family homes started surged by 16.7 percent in April to 733,000 units at an annual rate.
- **Residential Construction Permits:** The number of permits issued for new construction of single-family homes rose by 3.7 percent in April. That increase suggests that housing starts may continue to rise in coming months.
- **New Home Sales:** Sales of new single-family homes decreased 11.4 percent in March, but are up 19.3 percent over the 12 months since last March.
- **Home Prices:** Home prices have regained about 65 percent of what they lost as a result of the Great Recession, according to the S&P/ Case-Shiller Home Price Index.

Retail sales were unchanged in April

- **Retail Sales:** Retail sales were essentially unchanged in April, according the Census Bureau's preliminary estimate. Retail sales with the exclusion of automotive and gasoline sales, which fluctuate widely, actually rose by 0.2 percent in April. Sales data are an indicator of consumer spending, which accounts for roughly 2/3 of economic activity.

Additional Reading

Dionne Searcey, "[Rise in Home Building Suggests U.S. Economy Is Regaining Momentum](#)," *The New York Times*

Justin Wolfers, "[Why You Can't Put Faith in Reports of First-Quarter Economic Slumps](#)," *The New York Times*

Rachel Feintzeig, "[More Americans Feel Comfortable Quitting Their Jobs, Survey Finds](#)," *The Wall Street Journal*

Rep. Carolyn Maloney, [Letter in Response to "The Slow- Growth Fed"](#), *The Wall Street Journal*

Additional resources are available on the JEC Democrats' website (jec.senate.gov)

| THE ECONOMY AT A GLANCE | | | | | | | | |
|--|--------|-----|-----|----------|---------|---------|-------|------|
| Key Indicators | Months | | | Quarters | | | Years | |
| | Apr | Mar | Feb | 2015-Q1 | 2014-Q4 | 2014-Q3 | 2014 | 2013 |
| Real GDP growth (%) | — | — | — | 0.2 | 2.2 | 5.0 | 2.4 | 3.1 |
| Unemployment (% of labor force) | 5.4 | 5.5 | 5.5 | 5.6 | 5.7 | 6.1 | 5.7 | 7.0 |
| Long-term unemployment (% of labor force) | 1.6 | 1.6 | 1.7 | 1.7 | 1.8 | 1.9 | 1.8 | 2.6 |
| Inflation (%) | 0.1 | 0.2 | 0.2 | -3.1 | -0.9 | 1.2 | 1.2 | 1.2 |
| Core inflation (% , excludes food & energy) | 0.3 | 0.2 | 0.2 | 1.7 | 1.5 | 1.4 | 1.7 | 1.7 |
| Real hourly wages and salaries, private industry | — | — | — | 3.5 | 3.4 | 2.3 | 1.4 | 0.8 |

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.