



MONTHLY ECONOMIC DIGEST

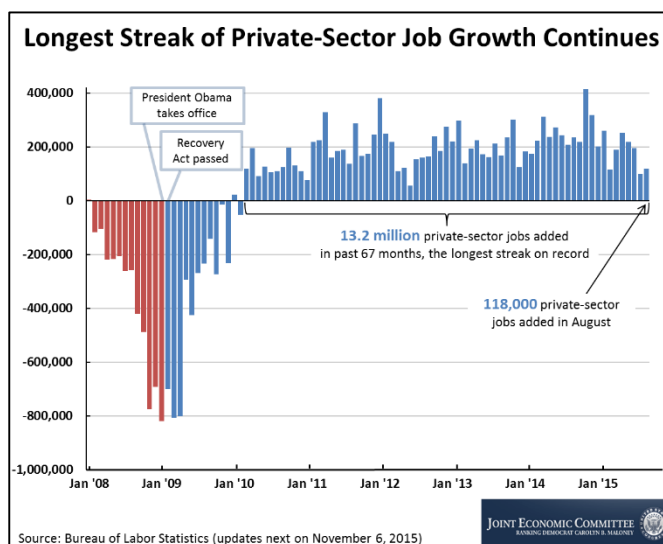
Covering data released between September 9th and October 6th

While September's jobs report was weaker than forecasters expected, the economy continues to improve. September marked the 67th consecutive month of private-sector job gains, extending the longest streak on record. The unemployment rate remains at its lowest level since early 2008, and the underemployment rate (U-6) declined last month to 10.0 percent, the lowest level since May 2008.

Economic growth picked up in the second quarter with the third estimate of GDP indicating that the economy expanded at an annual rate of 3.9 percent. In the second half of the year, the economy is expected to grow at an annual rate of 2.6 percent. Many economists warn that economic uncertainty abroad and fiscal brinksmanship in Congress could hinder economic growth.

The Labor Market Continues to Expand

- **Nonfarm employers** added 142,000 jobs in September, with the private sector accounting for most (118,000) of those job gains. **Private-sector employers** have added 13.2 million jobs over the past 67 months.
- **Average hourly earnings** of private nonfarm workers edged down in September by 1 cent to \$25.09 per hour, but were up by over 50 cents (2.2 percent) over the last 12 months.
- The **unemployment rate** was unchanged at 5.1 percent last month, significantly below its recession-era peak of 10.0 percent. It is now equal to CBO's estimate of a 5.1 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 individuals** looking for work, slightly less than half of the number of individuals who were unemployed at the recession-era peak.
- There were 1.4 **unemployed workers for every job opening** in July, matching the lowest ratio attained during the last economic expansion. During the depths of the downturn there were about 7 unemployed workers per job opening. **Job openings** increased in July to 3.9 percent of total employment after remaining unchanged at 3.6 percent for the prior three months.



The Housing Market Continues to Show Improvement

- The number of **new single-family housing starts** decreased by 3.0 percent in August, after increasing by 10.9 percent in July. Nevertheless, single-family housing starts are still 14.2 percent above the average level in 2014. The number of **new multi-family housing starts** also decreased by 3.0 percent in August. Over the past three months, **residential construction permits** have grown an average of 0.9 percent per month, suggesting that new home building likely will increase.
- **Sales of new single-family homes** increased by 5.7 percent in August, and are up 21.6 percent over the past 12 months. Economists generally believe that rising new home sales are an indication that household consumption will increase in coming months.



Retail Sales Edged Up in August

- **Retail sales** rose slightly (up 0.2 percent) in August, according to the Census Bureau's advance estimate. Excluding automotive sales, which fluctuate widely, retail sales declined by less than 0.1 percent last month. Over the past 12 months, retail sales have increased 2.2 percent. Retail sales are an important component of consumer spending, which accounts for roughly two-thirds of economic activity.

Gasoline Prices Declined Sharply in September

- **Retail gasoline prices** declined by 26 cents per gallon (about 9 percent) last month (seasonally adjusted), due to recent declines in crude oil prices. Prices are down about \$1 per gallon (30 percent) from a year ago.

International Economic Developments

- **Market volatility** rose sharply in the past month as global economic growth prospects continued to deteriorate in major emerging economies, including China, Brazil and Russia. **Stock markets in developed economies** were also affected as major indices dropped by 10 to 20 percent from their peaks in Q2.
- **China's Purchasing Managers' Index (PMI)** for manufacturing activity contracted in August—the worst performance in three years. **Chinese equity indexes**, after having plunged 35 to 45 percent during the sell-offs between June and August, stabilized in the past month. Slow growth in China plays a major role in falling commodity prices, which in turn drags down growth in commodity exporting countries.
- The **IMF** downgraded its **World Economic Outlook** for economic growth this year to 3.1 percent due to a slowdown in emerging markets. The outlook is at its lowest level since 2009.

Additional Reading

Ben S. Bernanke, "[How the Fed Saved the Economy](#)," *The Wall Street Journal* (10/4/15)

Eduardo Porter, "[Getting to \\$100 Billion in Climate Change Aid](#)," *The New York Times* (9/29/15)

Kim Parker, "[Women More than Men Adjust Their Careers for Family Life](#)," Pew Research Center (10/1/15)

Michelle Jamrisko, "[America's Trade Gap Widened in August by Most in Five Months](#)," Bloomberg (10/6/15)

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

THE ECONOMY AT A GLANCE

Key Indicators	Months			Quarters			Years	
	Sep	Aug	Jul	2015-Q3	2015-Q2	2015-Q1	2014	2013
Real GDP growth (%)	—	—	—	N/A	3.9	0.6	2.5	2.5
Unemployment (% of labor force)	5.1	5.1	5.3	5.1	5.4	5.6	5.7	7.0
Long-term unemployment (% of labor force)	1.3	1.4	1.4	1.4	1.5	1.7	1.8	2.6
Inflation (%)	N/A	-0.1	0.1	N/A	3.0	-3.1	1.2	1.2
Core inflation (% , excludes food & energy)	N/A	0.1	0.1	N/A	2.5	1.7	1.7	1.7
Real hourly wages and salaries, private industry	—	—	—	N/A	-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.