JOINT ECONOMIC COMMITTEE
Congresswoman **Carolyn B. Maloney**, Chair
WEEKLY ECONOMIC DIGEST

UNITED STATES CONGRESS
Senator **Charles E. Schumer**, Vice Chairman
JULY 2, 2010 SPECIAL EDITION

SLUGGISH LABOR MARKET RECOVERY CONTINUES WITH MODEST PRIVATE SECTOR EMPLOYMENT GAINS

KEY ECONOMIC STATISTICS

UNEMPLOYMENT RATE
↓0.2ppts 9.5%

TOTAL PAYROLL JOBS
↓125,000

PRIVATE PAYROLL JOBS
↑83,000
June 2010

ISM MANUFACTURING INDEX
↓3.5pts 56.2
June 2010

NEW DURABLE GOODS ORDERS
↓0.6%
May 2010

INITIAL JOBLESS CLAIMS 4-WEEK AVG
466,500 ↑3,250
Week Ending June 26, 2010

WEEK of JULY 4

Tuesday, July 6
ISM Non-Manufacturing Index
June 2010

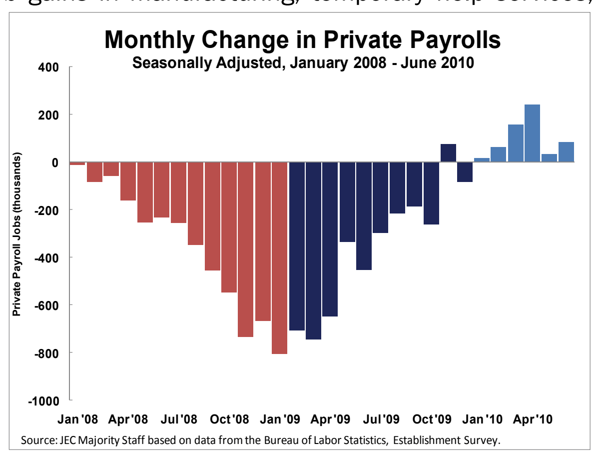
Wednesday, July 7
Consumer Credit
May 2010

Friday, July 9
Wholesale Trade
May 2010

PRIVATE PAYROLLS EXPAND, BUT GAINS ARE OFFSET BY EXPECTED CENSUS LAYOFFS.

The Bureau of Labor Statistics (BLS) reported that the number of employees on private sector payrolls grew by 83,000 in June, bringing the total number of private sector jobs added in the first six months of 2010 to 593,000 (See Chart). The increase was offset by the expected layoff of 225,000 temporary Census 2010 workers, leaving total nonfarm payrolls lower by 125,000 over the month. The falloff in Census employment was in line with past decennial census employment changes. In addition, small declines in state and local government payrolls (-2,000 and -8,000 respectively) in June also offset a portion of the private sector job gains.

June's change in private sector employment marked the sixth consecutive month of job growth in the private sector, and follows increases of 33,000 jobs in May and 241,000 jobs in April. Several key sectors continued to hire in June. Leisure and hospitality employment grew by 37,000 over the month, with employment in the sector increasing by 123,000 since the end of 2009. Employers in the manufacturing industry added jobs (+9,000) for the sixth consecutive month, bringing gains so far in 2010 to 136,000 jobs. Prior to 2010, the sector had been shedding jobs since mid-2006. Temporary help services continued to add jobs (+20,500). The industry, which is often seen as an indicator of employers' future hiring plans, has added 379,000 jobs since September 2009. Job gains in manufacturing, temporary help services, and leisure and hospitality were partially offset by losses in construction (-22,000) for the second straight month. Construction employers had added jobs in the two months prior to May. Employment in other sectors, including health care, wholesale trade, retail trade, and financial activities, was little changed in June.



UNEMPLOYMENT EDGES DOWN IN JUNE.

The unemployment rate edged down 0.2 percentage point to 9.5 percent in June. The jobless rate is now 0.6 percentage points below its peak of 10.1 percent reached in October 2009, and is at the lowest point in eleven months. However, the drop in the unemployment was largely due to a steep decline in the labor force. The overall labor force participation rate fell 0.3 percentage point to 64.7 percent. In June, 652,000 workers left the labor force while the number Americans looking for work fell by 350,000 to 14.6 million. The employment-to-population ratio fell 0.2 percentage point over the month to 58.5 percent. This ratio, which measures the share of the population with a job, slowly increased during the first four months of 2010, before falling in May and June. Despite the recent drops in the unemployment rate, the number of unemployed workers remains extraordinarily high, as does the share of the unemployed who have been out of work for at least 27 weeks. The long-term unemployed were 45.5 percent of the total unemployed last month. The median duration of unemployment continues to climb; as of June, the typical unemployment spell lasts 25.5 weeks.

EMPLOYMENT OPPORTUNITIES REMAIN SCARCE.

The latest data from the Bureau of Labor Statistics show that there are 5 unemployed workers for every one job opening. Despite the high unemployment rate, the Senate failed to extend unemployment insurance benefits, causing an estimated 1.7 million unemployed workers to lose benefits before the July 4th recess is over. Unemployment insurance benefits encourage labor force attachment and provide an estimated $1.60 in economic activity for each dollar of benefit (see JEC report, "Does Unemployment Insurance Inhibit Job Search?" available at http://bit.ly/axVjYr).