



Economic Growth Continues – Unemployment Falls Below 5 Percent

(Courtesy: White House Office of Communications and the Department of Labor)

The Department of Labor announced the unemployment rate fell to 4.9 percent – lower than the average of the 1970s, 1980s, and 1990s. 108,000 jobs were created in December, and revisions to previous months added 71,000 jobs. The economy has created more than 400,000 jobs over the last two months, over 2 million jobs over the past 12 months, and over 4.6 million since May 2003.

- **Economic Growth Is Steady And Strong.** For 10 consecutive quarters, GDP growth has exceeded 3 percent.

The Economy Is Strong And Continues To Grow

- **GDP Growth Is Strong.** The economy grew at 4.1 percent in the third quarter, the 10th consecutive quarter in which GDP grew at a rate above 3 percent. The composite index of leading indicators increased 0.5 percent in November and has risen 1.7 percent over the past 6 months, indicating continued economic growth.
- **Consumers Are Confident.** The Conference Board index of consumer confidence surpassed expectations and rose to 103.6 in December as consumers felt the benefits of falling gas prices and continued job growth. Additionally, both the University of Michigan sentiment index and Rasmussen consumer index reflected strong consumer confidence.
- **Incomes Are Rising.** Over the past 12 months, real disposable personal incomes were up 1.5 percent. Since 2001, real after-tax income per person has risen 7 percent. Household net worth is at \$51.1 trillion – an all-time high.

- **Manufacturing Continues To Expand.** The Institute for Supply Management (ISM), a private research group, reports manufacturing activity grew for the 31st consecutive month in December. The ISM's manufacturing index reading of 54.2 indicates continued sector expansion. According to the Federal Reserve, total industrial production rose by 0.7 percent in November and manufacturing industrial production is up 3.9 percent over the past 12 months
- **Durable Goods Orders Surged In November.** New orders for durable goods increased 4.4 percent in November, far surpassing expectations of 1.2 percent growth. Over the past 12 months, orders have increased 12.1 percent
- **Productivity Growth Is Strong.** After posting strong initial numbers of 4.1 percent, productivity was revised up 0.6 percentage point to 4.7 percent at an annual rate in the third quarter. Productivity has grown at a 3.4 percent annual rate since the end of 2000.
- **Construction Spending Is At An All-Time High.** Construction spending rose 0.2 percent in November to a record high of \$1.146 trillion at an annual rate and has risen 7.8 percent over the past 12 months. According to the Commerce Department, housing starts rose to 2.123 million units at an annual rate – nearing a 20-year high. More Americans now own their homes than at any time in the Nation's history, and minority home ownership is at a record high.
- **Inflation Remains In Check.** The Consumer Price Index (CPI) fell by 0.6 percent in November – more than market expectations – reflecting a decline in energy prices. Core CPI has increased a moderate 2.1 percent over the past year, indicating that core inflation remains contained.