



JOINT ECONOMIC COMMITTEE  
SENATOR CHARLES E. SCHUMER  
CHAIRMAN



**For Immediate Release**  
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## **SCHUMER: WEAK JOB GROWTH AND PLUNGING HOME SALES ARE STARK EVIDENCE THAT SUBPRIME MARKET WOES ARE SPREADING**

*ADP Announces Only 38,000 Private Sector Jobs Added in August, the Slowest Rate of Growth Since June 2003*

*NAR Report Shows Pending Sales of Existing Homes Plunged in July, Falling to the Lowest Level Since September 2001*

Washington, D.C. – Today, U.S. Senator Charles E. Schumer, Chairman of the Joint Economic Committee and the Housing Subcommittee on the Senate Banking Committee, reacted to bleak economic news on employment and housing sales. The ADP /Macroeconomic Advisors report on private sector job growth announced this morning showed that private payrolls grew by only 38,000 jobs in August, the slowest rate of growth since June 2003. The National Association of Realtor's Pending Home Sales Index showed pending sales of previously owned U.S. homes plunged in July, falling to a reading of 89.9, the lowest since September 2001 when the index stood at 89.8.

### **Private Sector Employment Figures:**

**“Today's ADP report showing a huge drop in jobs created in August is very troubling.”** Schumer said. **“If Friday's employment figures from the Bureau of Labor Statistics (BLS) mirror the ADP, it has to be a wake up call to the Administration and to the Fed, particularly on the spillover of the subprime crisis into the broader economy. Last week, President Bush made a move toward addressing this crisis, but the administration must do more to restore confidence in the mortgage market and to help borrowers who were duped into bad loans.”**

While data on payroll employment for August will be released by the Labor Department on Friday, the advance indicator of that measure released by ADP today suggests the possibility that

August jobs growth was substantially slower than most analysts are expecting. The ADP is the largest sample of actual payrolls available prior to the Labor Department's release, but it is a smaller sample than the Department's.

The ADP figures (a measure based on the private-sector payroll numbers processed by ADP for August) show that private payrolls grew by only 38,000 jobs last month. Adding to that projected growth of 20,000 government jobs, the ADP advance estimate suggests that growth in total nonfarm payrolls gained only 58,000 jobs in August. That's a slower gain than the 92,000 job increase in July, and well below the 110,000 jobs financial markets are expecting (which itself is slower than recent trends). The report also revised July's private sector job growth downward from the originally reported 48,000 to 41,000 jobs added.

### **Sinking Sales of Existing Homes:**

**“The disturbing drop in pending home sales in July is stark evidence that the subprime crisis is hitting the housing market hard,” Schumer said.**

The NAR Pending Home Sales Index, based on contracts signed in July, fell 12.2 percent to a reading of 89.9 in July from the June index of 102.4, and was 16.1 percent lower than in July 2006 when it stood at 107.1.

The index is a leading indicator for the housing sector, based on pending sales of existing homes. A sale is listed as pending when the contract has been signed but the transaction has not closed, though the sale usually is finalized within one or two months of signing.

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