



Weak Employment Report Highlights Need for Additional Action

KEY ECONOMIC STATISTICS

REAL GDP

↑2.4%

Second Quarter 2010
(advance estimate)

BLS PRIVATE-SECTOR EMPLOYMENT

↑71,000

July 2010

PERSONAL INCOME

unchanged

July 2010

ISM MANUFACTURING INDEX

55.5, ↓0.7 pts

July 2010

INITIAL JOBLESS CLAIMS 4-WEEK AVG

458,500 ↑5,250

Week Ending July 31, 2010

THIS WEEK

Tuesday, August 10
FOMC Meeting

Wednesday, August 11
Trade Balance
June 2010

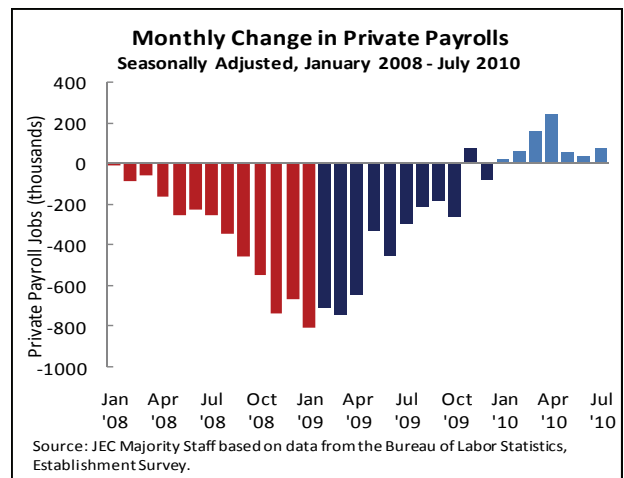
Job Openings and Labor
Turnover Survey
June 2010

Friday, August 13
Consumer Price Index
July 2010

Advance Retail Sales
July 2010

University of Michigan
Consumer Sentiment Index
August 2010

PRIVATE PAYROLLS GROW FOR SEVENTH STRAIGHT MONTH. The Bureau of Labor Statistics (BLS) reported that the number of employees on private sector payrolls expanded by 71,000, the seventh consecutive month of expansion. Since the start of 2010, the economy has added 630,000 jobs in the private sector. (See Chart) While the private sector continues to add jobs, growth has slowed since March and April when employers added nearly 400,000 jobs over the two-month period. However, several key sectors continued to hire in July: manufacturing employment increased by 36,000 jobs, health care employment grew by nearly 27,000 jobs, wholesale trade added 8,400 jobs, and retail trade added 6,700 jobs. On net, total nonfarm payrolls in July fell by 131,000 over the month. Reductions in government payrolls offset private sector gains, including the expected layoff of 143,000 temporary Census 2010 workers and a decline of 48,000 jobs among state and local government employment. The falloff in Census employment was in line with past decennial census employment changes, and leaves 196,000 temporary employees on Census payrolls. Those workers will be laid-off as scheduled over the next several months as work on the decennial census winds down. The number of workers on state and local government payrolls has fallen by 169,000 since December 2009, illustrating the lingering strain put on state and local budgets by the recession and underscoring the need for providing additional aid. Before adjourning for August recess, the Senate passed legislation to provide such aid and save an estimated 161,000 education jobs; the House is expected to take up the measure on Tuesday.



GRADUAL MANUFACTURING RECOVERY CONTINUES.

Manufacturing employment continued to grow in July, increasing by 36,000 jobs, according to BLS. July's increase marks the seventh consecutive months of employment gains in the sector, and the longest string of gains since 1998. In total, manufacturing employees have added 183,000 jobs so far in 2010, with job growth strongest among durable goods manufacturing. On Monday, the Institute for Supply Management (ISM) released its monthly report on manufacturing which showed that the manufacturing sector expanded in July (the PMI index was 55.5) for the twelfth consecutive month, although the index was lower than in January 2010. Growth was stronger than in June for employment and inventories, but slower for new orders and production. Any number over 50 indicates the manufacturing sector is expanding. Though the overall index remains above 50, it has been declining over the past several months after peaking at 60.4 in April, signaling continued growth in the sector, albeit at a slower pace. For more information on the emerging recovery in the manufacturing sector, see the JEC report released on Monday: *Understanding the Economy: Promising Signs of a Recovery in Manufacturing*, available at www.jec.senate.gov.

UNEMPLOYMENT RATE REMAINS STABLE IN JULY. The unemployment rate remained at 9.5 percent in July, 0.6 percentage points below its peak of 10.1 percent reached in October 2009. Scarce employment opportunities – there are approximately 5 unemployed workers for every job opening – have kept the median duration at 22.2 weeks.