



TREASURY ECONOMIC UPDATE 2.02.07

"We saw the importance of trade for U.S. workers in this morning's strong GDP data. GDP growth in the fourth quarter was 3.5 percent and inflation was moderate at 1.5 percent. Trade contributed more than 1.6 percentage points to growth, with double-digit export gains accounting for more than 1 percentage point. We have reached a cross-over point in which American exports are growing faster than imports – and have been doing so for 4 straight quarters."

U.S. Treasury Secretary Henry M. Paulson, January 31, 2007

Indicators of a Strong & Sustainable U.S. Economy:

Economic Growth: 3.5% GDP growth in the 4th quarter. Our economy has grown a solid 3.4% over the past 4 quarters. *(Last updated: January 31, 2007)*

Business Investment: Capital investment increased a strong 6.8% over the 4 quarters of 2006. *(Last updated: January 31, 2007)*

Job Growth: 111,000 new jobs created in January. More than 2.1 million new jobs have been created over the past 12 months. In addition, employment estimates for November and December were revised up, adding 81,000 jobs. Since August 2003, more than 7.4 million jobs have been created – more jobs than all the other major industrialized countries combined. Our economy has added jobs for 41 straight months. Employment has increased in 49 states within the past year. *(Last updated: February 2, 2007)*

Low Unemployment: 4.6% unemployment rate – close to a 5-1/2 year low. Unemployment rates have decreased or held steady in 42 states over the past year. *(Last updated: February 2, 2007)*

Tax Revenues: Tax receipts up 11.8% in fiscal year 2006 (FY06) on top of FY05's 14.6% increase. Receipts have grown another 8% percent so far in FY07. *(Last updated: January 12, 2007)*

Steady Productivity: Labor productivity has grown at an annual rate of 3% over the past five years. *(Last updated: December 5, 2006)*

Americans are Keeping More of Their Hard-Earned Money:

Real Wages Grew 1.7% Over the Past 12 Months (ending December). This translates into an extra \$585 for the average full-time production worker.

Real After-Tax Income Per Person has Risen 9.7% - an extra \$2,499 per person – since the President took office.

Pro-Growth Policies will Enhance Long-Term U.S. Economic Strength:

On February 5, the Administration will present its proposal to balance the budget by 2012. Economic growth has generated increased tax receipts and dramatically improved the budget outlook. A robust economy has helped produce rapid increases in federal receipts which combined with spending restraint has put us on track to meet the President's goal to cut the deficit in half over the next five years. The time has come for both political parties to work together on comprehensive earmark reform that produces greater transparency and accountability to the congressional budget process, including full disclosure for each earmark and cutting the number and cost of all earmarks by half.

www.treas.gov/economic-plan