

Committee on Ways and Means

Economy Surges Forward: *GDP Growth Up 7.2%*

Economic data released this morning points to strong growth and an improvement in the labor market.

Third Quarter GDP: 7.2%

- The Bureau of Economic Analysis announced this morning that the U.S. Gross Domestic Product (GDP) for the third quarter grew an amazing 7.2 percent (annual rate). This follows 3.3 percent growth in the second quarter. **This is the fastest quarterly growth in 19 years.**
- The largest contributors to this rapid growth were: consumer purchases of goods, business purchases of equipment and a strong increase in exports.
- Total business equipment investment increased \$36 billion.
- Nominal GDP has increased by \$532 billion in the past four quarters.
- Housing sector growth remains strong, increasing over 20 percent (annual rate).
- Exports rose for the first time in four quarters to over \$1 trillion (annual rate).
- Recently enacted tax legislation helped spur consumer spending, lowered the cost of capital in the corporate sector and encouraged business investment.

Weekly Jobless Claims Continue to Decline

- Initial weekly jobless claims data, the earliest indicator of changes in the labor market, continues to improve. Data released this morning indicates that claims fell to 386,000. This data follows the announcement of 72,000 private sector jobs created in September.
- This is the fourth week that jobless claims have been below 400,000. The four-week moving average has been trending down since May 2003. (See chart.)

