

Committee on Ways and Means

Worker Productivity Jumps Again, Initial Jobless Claims Drop, Service Sector is Hiring

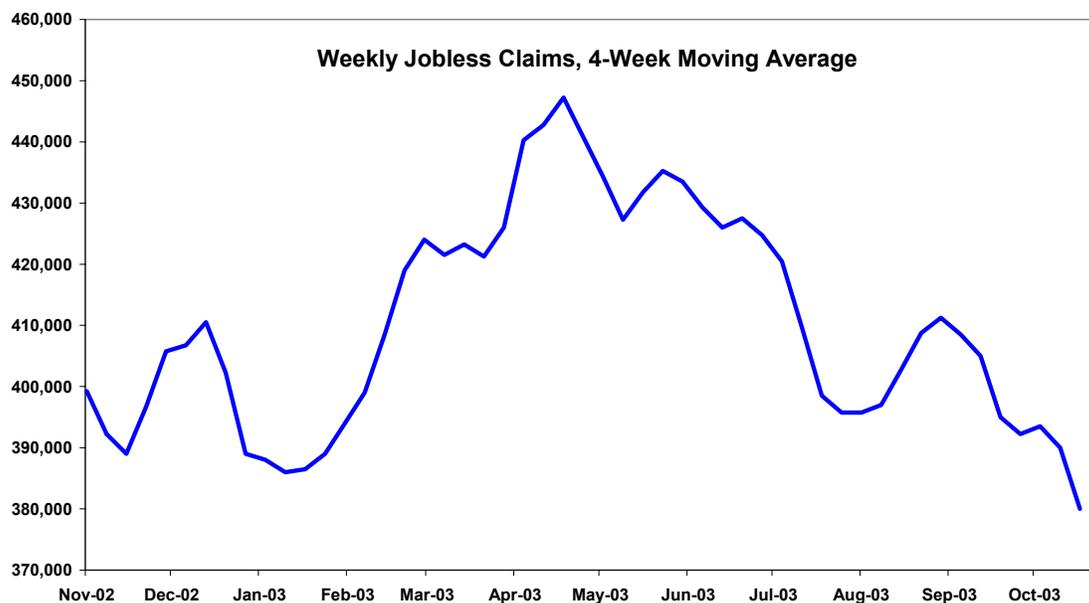
Data on the economy continues to pour in and good news persists. Growth in the coming quarters will remain strong, likely near 4 percent.

Third Quarter Productivity: 8.1%

- Output per worker hour in the nonfarm business sector was very strong in the third quarter, increasing 8.1 percent on an annualized basis. This follows a very strong gain of 6.8 percent in the second quarter. Together this is the second strongest six-month gain in over forty-years.
- In the past twelve months, productivity increased 4.7%, more than twice the average growth rate of productivity for the last fifty years.
- Productivity gains means workers are producing more output per hour. Over time, productivity gains lead to real wage increases and a higher standard of living.

Initial Jobless Claims: 348,000

- The number of people who filed for initial jobless benefits dropped to the lowest level in 34 months. This is the fifth consecutive week that claims have been below 400,000, the level generally associated with a stable labor market. This data is a positive sign for next month's employment report.



Service Sector Output Up in October

- The Institute for Supply Management's index of the service economy registered a strong gain in October rising 1.4 to 64.7. According to this index, this is the seventh consecutive month of growth in the services sector. The most positive news in this report was a surprise to the employment index, which points to an increase in hiring.