The Daily Dish

August 1st Edition

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Later this morning the July employment numbers will be released. June saw 6.1 percent unemployment with 288,000 jobs added. Even with some positive showings, last month's numbers still left America in a difficult position to get even 2.5 percent growth for 2014. As a refresher, here is a recap of key economic indicators since last month's report:

- The price index of U.S. imports increased 0.1 percent in June;
- The Producer Price Index for final demand rose 0.4 percent in June;
- The Consumer Price Index increased 0.3 percent in June;
- Real average hourly earnings were unchanged from May to June;
- Orders for durable goods increased 0.7 percent;
- Consumer Confidence index stands at 90.9;
- New home sales decreased 8.1 percent in June; and
- ADP reported private-sector employment up by 218,000 jobs in July.

Eakinomics: July Jobs

The broad evolution of the U.S. recovery has been pretty simple. For years, the economy grew on average a bit above 2 percent annually, while productivity grew about 2 percent annually. The upshot was that producers did not need much more labor to produce the output growth and job growth was weak. More recently, the picture changed.

Output growth is still a bit above 2 percent on average. This is easiest to see by focusing on final sales and ignoring volatile inventory swings. Final sales fell only 1 percent in the first quarter — largely due to weather — and returned to growing 2.3 percent in the 2nd quarter. In short, a brief detour and a return to normal. But suddenly, this growth has been accompanied by 200,000 or more jobs for 5 months. How? Productivity growth has plummeted. Productivity fell at an annual rate of 3.2 percent in the first quarter and the evidence suggests it is close to zero in the second.

The U.S. has shifted from a poor growth-poor jobs dilemma to a poor growth-poor productivity malaise.

Nothing in the monthly data suggests a departure from this norm, so expect 235,000 jobs today. The unemployment rate has been much more difficult to forecast because the return of discouraged workers seeking jobs has been much slower than I anticipated. Assuming this continues, I'd expect the unemployment rate to tick down to 6.0 percent, a level I did not anticipate happening before late 2014.

From the Forum

All Thing Considered: Examining the Too Big To Fail Subsidy by Satya Thallam, AAF Director of Financial Services Policy

CBO Explains Health Care Spending Revisions by Conor Ryan, AAF Health Care Data Analyst

Examining the GAO Report on Expectations of Government Support for Bank Holding Companies by Douglas Holtz-Eakin, AAF President