

FOIA Marker

This is not a textual record. This FOIA Marker indicates that material has been removed during FOIA processing by George W. Bush Presidential Library staff.

Records Management, White House Office of
Subject Files - LA002 (Conditions - Employment - Unemployment)

Stack:	Row:	Sect.:	Shelf:	Pos.:	FRC ID:	Location or Hollinger ID:	NARA Number:	OA Number:
W	11	16	9	2	12677	25540	12315	12105

Folder Title:

755455

NICHOLS_C

755455

LA002

Barcode Scanning Sheet



Collection Code: **SECLOG**

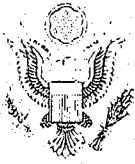
Staff Name: **PRESIDENT BUSH**

Document Date: **1/31/2008**

Correspondent: **PIERCE SCRANTON**

Subject/Description: **EMPLOYMENT AND UNEMPLOYMENT IN JANUARY (****)
PUBLIC RELEASE: 8:30 AM, FRIDAY (LABOR
DEPARTMENT-BLS) ISM MANUFACTURING REPORT FOR
JANUARY (***) PUBLIC RELEASE: 10:00 AM, FRIDAY
(INSTITUTE FOR SUPPLY MANAGEMENT) -- AN
ASSESSMENT OF CURRENT MACROECONOMIC
CONDITIONS**

SCANNED
BY
ORM



EXECUTIVE OFFICE OF THE PRESIDENT
 COUNCIL OF ECONOMIC ADVISERS
 WASHINGTON, D.C. 20502

January 31, 2008

THE PRESIDENT
 HAS SEEN
 1/31 - 2/1/08

MEMORANDUM FOR THE PRESIDENT

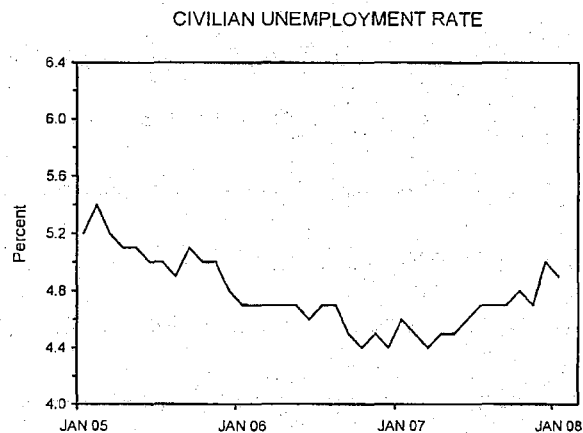
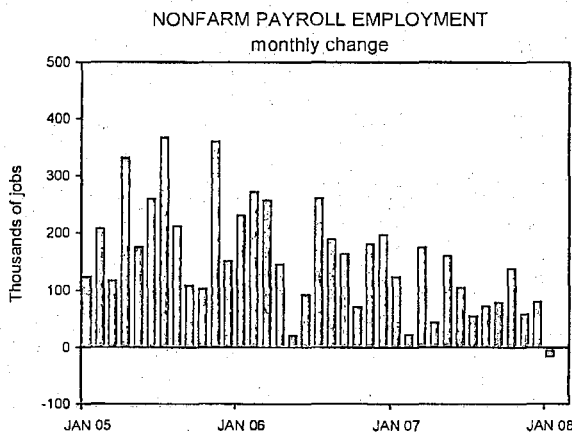
FROM: PIERCE SCRANTON *PES*

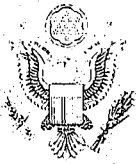
SUBJECT: Employment and Unemployment in January (****)
 Public Release: 8:30 am, Friday (Labor Department-BLS)

Unemployment rate decreased and payroll employment fell in January

	Actual	Expected
Change in Payroll Employment	-17,000	70,000
Unemployment Rate	4.9% (-0.1 p.p.)	5.0%

- **Nonfarm payroll employment decreased by 17,000 jobs in January, significantly below market expectations.** Notable losses were in manufacturing (-28,000) and construction (-27,000). Health care (+27,000) and food services (+15,000) added jobs over the month.
- **Private nonfarm payroll employment ticked up 1,000 jobs in January.** Government employment fell by 18,000 due to losses in state government education (-26,000).
- **Nonfarm payrolls have increased 0.99 million over the last 12 months and 8.28 million since August 2003.**
- **The unemployment rate decreased in January to 4.9%.**
- **Nominal average hourly wages rose a moderate 0.2% in January.** They rose 3.7% over the 12 months through January, less than during the year-earlier period. Real hourly wages decreased by 0.7% over the 12 months ended in December.
- **Total production-worker hours decreased by 0.3% in January.** Hours for January are down slightly from the 2007:Q4 average.
- **The annual revision to the establishment survey subtracted 293,000 jobs.** Not-seasonally-adjusted payroll job counts were revised back to April 2006 based on unemployment insurance tax records for March 2007.





EXECUTIVE OFFICE OF THE PRESIDENT
 COUNCIL OF ECONOMIC ADVISERS
 WASHINGTON, D.C. 20502

January 31, 2008

MEMORANDUM FOR THE PRESIDENT

FROM: PIERCE SCRANTON *PS*

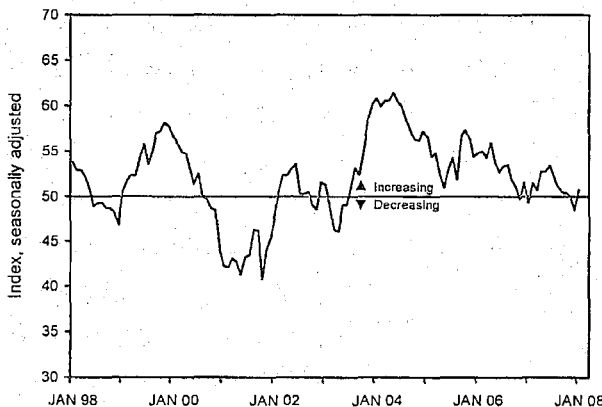
SUBJECT: **ISM Manufacturing Report for January (***)**
 Public Release: 10:00 am, Friday (Institute for Supply Management)

Manufacturing supply managers report expansion in January

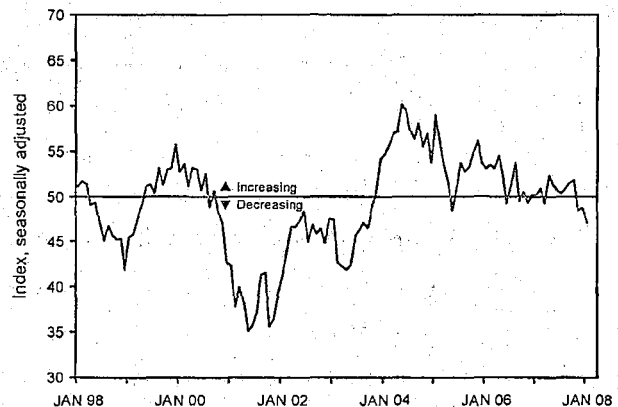
Purchasing Managers' Index (Manufacturing)	
January	
Actual	Expected
50.7	47.3
(+2.3 pts. from December)	

- **The purchasing managers' index (PMI) jumped 2.3 points in January.** At 50.7, the index is above the break-even level of 50, suggesting growth in the manufacturing sector. The index was below 50 in December (48.4).
- **Two of the five components of the index were above 50:** production (55.2) and supplier deliveries (52.8). The three components below 50 were new orders (49.5), employment (47.1), and inventories of raw materials (49.1).
- **The new export orders index increased 6.0 points to 58.5,** suggesting continued growth in exports. This is the 62nd consecutive month of growth in export orders.
- **Manufacturing supply managers report little effect of the "credit crunch."** In response to a special question, 92.6% of responding supply managers reported that the turmoil in the financial markets is having no effect on their ability to obtain regular or additional financing.
- **Supply managers report a mixed outlook for 2008.** When asked how they felt about the next 12 months compared to 2007, 22.9% of manufacturers in the survey responded "better", with 37.5% responding "the same" and 39.6% "worse."
- The ISM manufacturing survey, initial claims for unemployment insurance, and the January labor market report are the first indicators of real activity in January. Together, they suggest little growth at the beginning of the first quarter.

ISM PURCHASING MANAGERS' INDEX



ISM EMPLOYMENT INDEX



COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502
January 31, 2008

MEMORANDUM FOR THE PRESIDENT

FROM: PIERCE SCRANTON *PES*
SUBJECT: An Assessment of Current Macroeconomic Conditions

This week's data were mixed. Nonfarm payrolls edged down in January (**embargoed until 8:30 a.m., Friday**) and fourth-quarter real GDP growth slowed more than the market had expected. On the positive side, the unemployment rate declined a bit in January (**embargoed until 8:30 a.m., Friday**), real disposable personal income rose in December, and private nonresidential construction was up 1.3% in December (**embargoed until 10:00 a.m., Friday**). In response to signs of weakness, the Federal Open Market Committee cut the target Federal Funds rate.

Nonfarm payroll employment declined 17,000 in January (embargoed until 8:30 a.m., Friday), following an average monthly gain of 95,000 per month in 2007. The unemployment rate edged down to 4.9%. Aggregate hours of production and nonsupervisory workers declined 0.3% in January, suggesting a slow start to GDP growth in the first quarter.

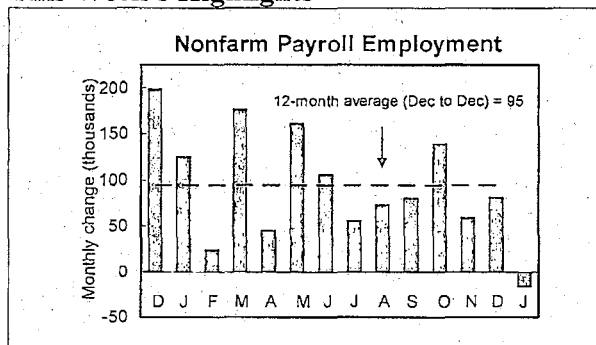
Real GDP grew at a 0.6% annual rate in the fourth quarter. A drop in inventory investment (mostly motor vehicles) and a large decline in residential investment together subtracted nearly 2½ percentage points from GDP growth. In addition, net exports expanded much less rapidly than in the previous two quarters.

Real disposable personal income (DPI) increased 2.1% during the 12 months of 2007, down from 2.9% in 2006. These data, together with continued weak readings on consumer confidence, suggest consumer spending may start off slowly in 2008.

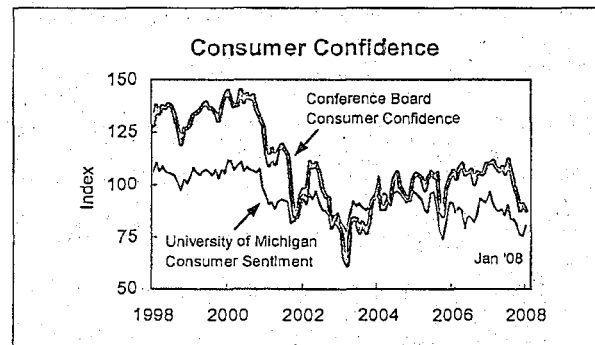
Manufacturing activity expanded in January according to the Institute for Supply Management's purchasing managers' index (embargoed until 10:00 a.m., Friday). In response to a special question, 92.6% of respondents reported that turmoil in financial markets was not having any effect on their firm's ability to obtain regular or additional financing.

The Federal Open Market Committee cut its target for the Federal Funds rate 50 basis points, to 3.0 percent, following a 75 basis point cut a week earlier. The committee noted: "Financial markets remain under considerable stress, and credit has tightened further for some businesses and households. Moreover, recent information indicates a deepening of the housing contraction as well as some softening in labor markets." Rates have been cut five times (2.25 percentage points) since September 2007.

This Week's Highlights



Nonfarm payroll employment declined in January, with notable decreases in construction and manufacturing.



Changes in indicators of consumer confidence were mixed in January, but the levels remained low.

International Market Developments

Business lending in the Euro area increased more than 14% over the 12 months ended in December, the fastest rate since the data began in 2000. Strong growth in lending to non-financial corporations suggests credit is still widely available to businesses despite credit market disruptions and survey results indicating tightening of lending standards.

In the Euro area, inflation is expected to be at a 14-year high in January. Preliminary estimates indicate that consumer prices will rise 3.2% from a year earlier. In Japan, consumer price inflation was 0.7% for the 12 months ended in December 2007, up from 0.3 percent a year earlier; prices for fuel and transportation had the largest increases.

South Korea's real GDP grew 6.3% at an annual rate in the fourth quarter of 2007, above expectations. Growth was supported by strong gains in investment and exports, although net exports were negative as imports grew faster than exports.

Market Developments

Item	Thursday Close	Thursday Close	Change
Dow Jones Industrial Average	12,379	12,650	+2.2%
S&P 500 index	1,352	1,379	+2.0%
3-month Treasury bill rate	2.32	1.92	-40 basis points
10-year Treasury yield	3.68	3.67	-1 basis point
30-year mortgage rate	5.48	5.68	+20 basis points
1-mo. futures price of WTI oil (per barrel)	\$89.41	\$91.75	+\$2.34
Price of natural gas (per mmbtu)	\$7.84	\$8.10	+\$0.26
Yen/\$	¥107.2	¥106.5	The yen appreciated 0.7%
\$/Euro	\$1.476	\$1.486	The euro appreciated 0.72%

Next Week's Macroeconomic News

Day	Item	Expectation*	Comment
Tue	ISM non-manufacturing index (Jan)	53.0 (-1.4 pts.)	Non-manufacturing supply managers have continued to report expanding business activity, albeit at a slower pace.
Wed	Nonfarm productivity (Q4, preliminary)	1.0% AR	Slow growth in both nonfarm business output and hours (embargoed until 8:30 a.m., Friday) suggests little Q4 productivity growth.

*Median market expectations as tallied by Bloomberg L.P.