



Economic Commentary June 13, 2008



Employment Losses Provide Further Evidence of a Jobs Recession

- The national economy shed jobs for the fifth consecutive month in May, another sign that the economy is most likely in a jobs recession. The economy lost 49,000 jobs in May on a seasonally-adjusted basis, bringing the total job losses during the last five months to 324,000.
- In contrast, the restaurant industry continued to buck the national trends by adding jobs for the 20th consecutive month in May. Eating and drinking places – the primary component of the restaurant industry which accounts for roughly three-fourths of the total restaurant and foodservice workforce – added 11,400 jobs in May on a seasonally-adjusted basis. Overall, during the last 20 months, eating and drinking places added more than 450,000 jobs.

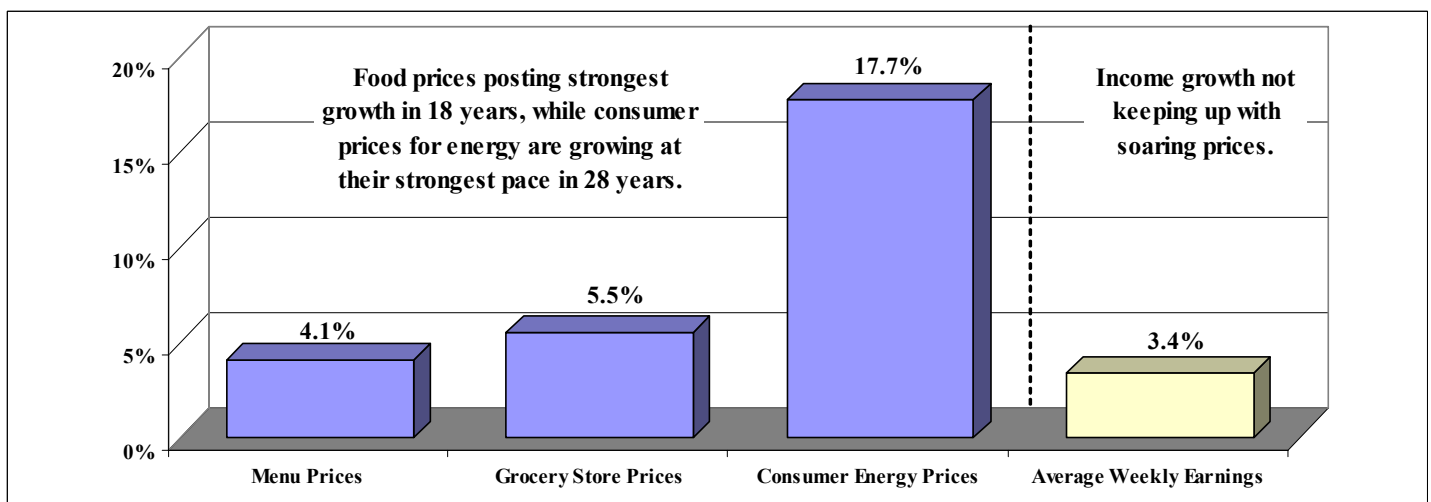
Gas Prices Are Dampening the Impact of Stimulus Package

- Gas prices hit a new record high for the 11th consecutive week, according to figures from the Energy Information Administration. The nationwide average retail price for a gallon of regular gasoline hit \$4.04 on June 9, which represented a 78-cent increase in the last 11 weeks.
- It is now likely that average pump prices in 2008 will be more than \$1 higher than they were in 2007. This will cost consumers more than \$100 billion, which will essentially gobble up most of the tax rebate checks that were sent to households beginning in May, and therefore have an overall dampening effect on the economic stimulus package.

Consumers Hit by Soaring Food and Energy Prices

- The sluggish economy, rising prices and declining wealth are all combining to put consumers in a precarious position. Menu and grocery store prices are on pace for their strongest growth in 18 years, while consumer prices for energy are soaring at their strongest rate in 28 years. Meanwhile, income growth is not keeping pace, which will likely be a drag on consumer spending in the months ahead.
- In addition, declining home values are eliminating the ability for many consumers to tap into equity as a means to bridge the gap, which is a stark difference between the current downturn and the 2001 recession.

Consumer Prices and Non-Supervisory Earnings: Year-to-Date Growth through May 2008



Source: National Restaurant Association analysis of Bureau of Labor Statistics data