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CHAIRMAN JIM SAXTON

PRESS RELEASE

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ECONOMIC GROWTH IS ROBUST IN FIRST QUARTER OF 2006

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WASHINGTON, D.C. – The 4.8 percent first quarter growth rate of the U.S. economy is consistent with forecasts for another year of good economic performance, Chairman Jim Saxton said today. The strong first quarter showing was generally in line with the expectations of the Federal Reserve and private economists, whose forecasts project growth of about 3.5 percent in 2006. GDP growth was 4.2 percent in 2004, and 3.5 percent in 2005.

“With the numbers reported today, it is clear that the economy is off to a great start in 2006,” Saxton said. “It appears that 2006 will be another year of healthy economic growth. The economy has performed very well since 2003, when the new policy mix of Federal Reserve accommodation combined with tax relief for investment was put in place.

“Equipment and software investment increased at double digit rates in 2004 and 2005, boosting the economy. This investment soared at a 16.4 percent rate in the first quarter of 2006. The pick-up in economic growth is also reflected in employment, with 5.2 million new jobs being created since August of 2003.

“A variety of data suggest considerable forward momentum in the economy this year. As Chairman Bernanke stated at the Joint Economic Committee hearing yesterday, the economic outlook for 2006 is generally positive,” Saxton concluded.

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