



ECONOMIC UPDATE

June 12, 2020

Quote of the week

“We’re not thinking about raising rates. We’re not even thinking about thinking about raising rates.”

—Fed Chairman [Jerome Powell](#)

What you need to know

- It’s official—we are in a recession. The National Bureau of Economic Research declared that the [U.S. economy has been in a recession since February](#).
- The [total number of confirmed cases in the United States passed 2 million](#) this week, with cases surging in states like Florida, North Carolina and Texas. Arizona registered 1,000 new cases every day in the past week while Texas set new records for hospitalizations.
- This marks the twelfth straight week in which [workers filed more than one million new unemployment insurance claims](#), shattering previous records. During the Great Recession, the most new claims in one week was 957K (not seasonally adjusted).
- The World Bank forecasts that the [global economy will shrink by more than 5 percent](#) this year, the largest contraction since World War II. It estimates that the U.S. GDP will shrink by more than 6%.
- The CARES Act directs up to \$1,200 per adult and \$500 per child—up to \$3,400 for a family of four—in Economic Impact Payments to Americans. However, [more than 30 million Americans who qualify have yet to be issued a check](#).
- [The unemployment rate rose slightly \(0.1%\) for Black workers](#) in May, even while it dropped 1.4% for workers overall and 2.5% for White workers.

Happening the week of June 15, 2020

- *Monday:* The New York Fed releases the [Empire State Manufacturing Index](#) for June.
- *Tuesday:* Census releases May advance [retail sales](#) data and April [business inventories](#), the Fed releases [Industrial Production and Capacity Utilization](#) data for May, and NAHB releases its [Housing Market Index](#).
- *Wednesday:* Census releases data on [new residential construction](#) for May.
- *Thursday:* The Department of Labor releases [initial jobless claims](#). The Philadelphia Fed releases its [Manufacturing Business Outlook Survey](#).

Good reads

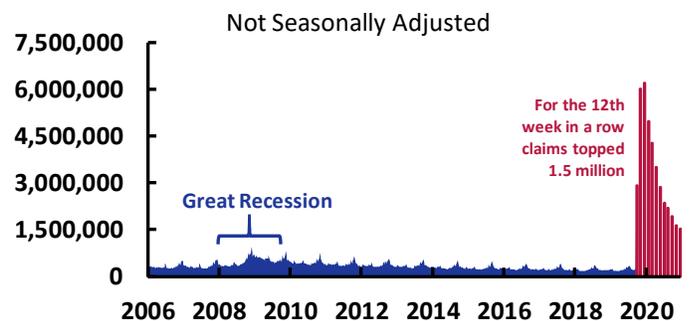
- [“Coronavirus Obliterated Best African-American Job Market on Record,”](#) *The Wall Street Journal*, 6/9/2020
- [“Economics, Dominated by White Men, Is Roiled by Black Lives Matter,”](#) *The New York Times*, 6/10/2020
- [“Is Now a Teachable Moment for Economists?”](#) Bill Spriggs, 6/10/2020
- [“What Protests Can \(And Can’t\) Do,”](#) *FiveThirtyEight*, 6/8/2020

Chart of the week:

1.5 million more people filed for unemployment insurance this week, plus 700K more through Pandemic Unemployment Assistance (PUA), a program passed as part of the CARES Act to expand unemployment benefits to gig workers, and others.

Nearly 30 million people are currently receiving unemployment benefits; nearly 10 million of them are receiving it through PUA. If Congress had not passed CARES, many of them would be without income.

Initial Claims for Unemployment Insurance



Note: PUA claims not included.
Source: Department of Labor

New research and reports

- New research suggests that the Fed’s [direct lending to non-financial firms \("Main Street QE"\)](#) is [more effective than its stimulus of the financial sector \("Wall Street QE"\)](#) in the pandemic.
- The Brookings Institution has a new blog focusing on [“policy solutions to upend structural racism and create a more equitable society for all.”](#)
- The Center on Budget and Policy Priorities put out a report outlining why [measures from the CARES Act that strengthen unemployment insurance should continue as long as there is need.](#)

Selected JEC resources

- [Reopening Too Soon Will Have Steep Economic Costs](#)
- [U.S. Economy by the Numbers](#)
- [The Impact of Coronavirus on the Working Poor and People of Color](#)
- [Automatic Support for Americans During the Coronavirus Crisis](#)

More information for Members and staff: www.jec.senate.gov/resources

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