

JOINT ECONOMIC COMMITTEE

CONGRESSWOMAN CAROLYN MALONEY, VICE CHAIR



ECONOMIC UPDATE

November 1, 2019

Quote of the week

*“Trump’s regulatory rollback has largely been a bust. In some cases, in fact, it’s been an outright fraud: The Trump administration has added bureaucracy and uncertainty for businesses that it either willfully misunderstands or overtly dislikes.”—[Catherine Rampell](#), *Washington Post**

What you need to know

- [GDP grew only 1.9 percent in the third quarter](#), down from 2.0 percent in the second quarter. Business investment shrunk for the second consecutive quarter.
- The Bureau of Labor Statistics (BLS) reported that [nonfarm payroll employment grew by 128,000 in October](#), beating expectations, and the unemployment rate was 3.6 percent. Average hourly earnings increased 3.0 percent from the prior year.
- The Federal Reserve Open Market Committee [cut interest rates by another 0.25 basis points](#), with a new target range of 1.5-1.75 percent. The Fed also hinted that it would stop lowering interest rates in the near future.
- The Bureau of Economic Analysis (BEA) reported this week that [several key indicators slowed](#) in September. Consumer spending rose just 0.2 percent, which was less than expected, and personal income rose at a slower pace than the prior month. Wages, salaries, and the PCE index were largely unchanged.
- [Manufacturing contracted for the third straight month](#) in October.
- The Treasury announced October 25 that the federal budget deficit for fiscal year 2019 [rose to almost \\$1 trillion](#) (\$984 billion), a 26 percent increase over 2018.

Happening the week of November 4, 2019

- *Monday*: Census publishes [the full report of manufacturing](#) shipments, inventories and orders numbers for September, including nondurable goods.
- *Tuesday*: The BEA releases [data on the trade deficit](#) for September, while the BLS publishes the results of its Jobs Openings and Labor Turnover Survey (JOLTS) for September.
- *Wednesday*: The BLS releases [labor productivity estimates](#) for the third quarter.
- *Friday*: The University of Michigan releases its [consumer sentiment index](#).

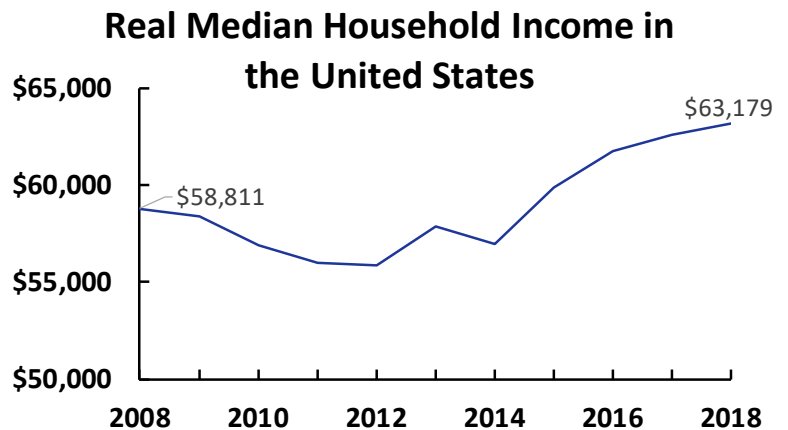
Good reads

- [“The Way We Measure the Economy Obscures What Is Really Going On,”](#) *NYT*, 10/28/19
- [“Trump’s Tax Cut Underdelivers, Which Could Embolden Democrats Who Want It Reversed,”](#) *WSJ*, 10/30/19
- [“Manufacturing Ain’t Great Again. Why?”](#) *NYT*, 10/31/19

Chart of the week

The most reliable data about household income is released annually by the U.S. Census Bureau, which in September reported that inflation-adjusted median household income in 2018 was \$63,179. This represents a \$1,400 increase over the first two years of the Trump administration.

Median household income increased \$4,800 during the last two years of the Obama administration—more than three times greater than during the first two years of the Trump administration.



Source: U.S. Census Bureau, Federal Reserve Economic Data (FRED), St. Louis Fed.
Note: Dollar amounts are 2018 CPI-U-RS Adjusted Dollars.

New research and reports

- Brookings updated its Fiscal Impact Measure (FIM), which measures the impact of fiscal policy on GDP, finding that in the third quarter, [local, state and federal spending and tax policies boosted real GDP growth by 0.5 percentage points](#). The FIM is near its highest levels since 2010, during the stimulus from the American Reinvestment and Recovery Act supported the economy.
- The Senate Budget Committee reported that [the Bush and Trump tax cuts together are responsible for 85 percent of the 2019 budget deficit](#).
- A group of economists studied a Depression-era large scale repatriation campaign against Mexican immigrants and found that [the repatriation of Mexican immigrants reduced employment for native workers, and over the longer run, reduced wages for native-born workers](#).

Selected JEC resources

- [Macroeconomic Dashboard](#)
- [Guns and Suicide](#)
- [The Economic State of the Latino Community in America](#)
- [50 State Economic Snapshots](#)
- [The Risk of Rising Corporate Debt](#)
- [Fact-Checking the Claim that Household Incomes Rose \\$5K Under Trump](#)

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