

JOINT ECONOMIC COMMITTEE

CONGRESSWOMAN CAROLYN MALONEY, VICE CHAIR



ECONOMIC UPDATE

June 28, 2019

Quote of the week

“Nobody ever heard of him before, and now I made him and he wants to show how tough he is...OK, let him show how tough he is. He’s not doing a good job.” - [President Trump](#) on Fed Chair Jerome Powell

What you need to know

- U.S. economic growth is expected to slow in the second quarter. The [Atlanta Fed](#) currently sees Q2 GDP at 1.5% and the [New York Fed](#) sees it at 1.3%. This is down from a [gain of 3.1%](#) in Q1. [Consumer confidence](#) fell to the lowest level since 2017, and data from [Census](#), HUD and [Case-Shiller](#) indicate the housing markets may be cooling despite low mortgage rates. Lastly, all five [Federal Reserve](#) manufacturing indexes fell in June—likely a reflection of the trade war’s impact on the sector.
- In a speech on Tuesday, [Fed Chair Powell](#) reiterated the Fed’s independence and commitment to its congressional mandate. He warned that concerns over trade are weighing on business confidence. In a TV interview, the President said again that he has the right to fire Powell, suggesting that the U.S. should have Mario Draghi, president of the European Central Bank, in his stead.
- [President Trump](#) is at the G20 in Japan this weekend.
- The Congressional Budget Office released its [2019 Long-Term Budget Outlook](#) on Tuesday. The outlook has improved slightly because of lower interest rates, but net interest payments on national debt are still expected to outpace federal discretionary spending by 2049.
- *Bloomberg News* recently [reported](#) that half of the world’s energy will come from renewable sources like wind and solar by 2050.

Happening the week of July 1, 2019:

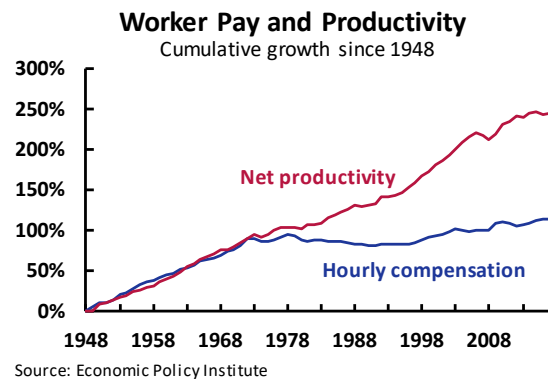
- *Wednesday, 7/3:* [ADP](#) puts out its estimate of private sector job growth, an often helpful precursor to Jobs Day on Friday.
- *Wednesday, 7/3:* The Bureau of Economic Analysis puts out its [estimate of U.S. International Trade in Goods and Services](#), including its estimate of the trade deficit for May. April saw a trade deficit of \$50.8 billion.
- *Wednesday, 7/3:* [Census](#) puts out Manufacturers’ Shipments, Inventories, and Orders, which gives us a quick lens into capital investment and the manufacturing sector.
- *Friday, 7/5:* “Jobs Day” -- The Bureau of Labor Statistics puts out its national jobs numbers (aka the “[Employment Situation](#),” which includes nonfarm payrolls, the unemployment rate, and average hourly earnings) for June at 8:30AM. We will cover it closely on [Twitter](#).

Good reads

- [“Congress has never let the federal minimum wage erode for this long,” EPI \(6/17/2019\)](#)
- [“Why Chicken Producers Are Under Investigation for Price Fixing,” NYT \(6/25/2019\)](#)
- [“Immigration enforcement is funded at a much higher rate than labor standards enforcement—and the gap is widening,” EPI \(6/20/2019\)](#)

Chart of the week

Does a rising tide lift all boats? Since the late 1970s, not really. From the late 1940s until the early 1970s, workers’ pay rose in tandem with productivity growth. But since 1973, productivity growth and wage growth have decoupled. According to the Economic Policy Institute, net productivity [rose 77%](#) between 1973 and 2017, while hourly pay typically stagnated, increasing only 12.4 %.



New research and reports

- A new report from the [George Washington University](#) shows that expanding Medicaid in North Carolina would give coverage to 634,000 people and would create 37,200 more jobs by 2022. Gross State Product would increase by \$2.9 billion in that period.
- This report from the [Urban Institute](#) walks through the implications of the Texas court case to repeal the Affordable Care Act. In short, increases in uninsurance would be the worst among the poorest people, who gained the most from ACA coverage.
- As the Trump Administration is considering a change to the federal poverty line, the [Center on Budget and Policy Priorities](#) put out this report on the impact that this change would have on health and food assistance for millions of people.

More JEC resources

- [US Economy by the Numbers](#)
- [Podcast: The Economic Explainer](#)
- [The Economic Benefits of Birth Control Access](#)
- [Charting the Impact of the 2017 GOP Tax Cuts](#)

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