



ECONOMIC UPDATE

August 30, 2019

Quote of the week

“The fears of a further slowing in growth and recession are entirely due to a trade war...If the president follows through on his current tariff threats, growth will continue to weaken to well below the economy’s 2 percent potential by early next year.”—[Mark Zandi](#), Chief Economist, Moody’s Analytics

What you need to know

- The Bureau of Economic Analysis [revised downward](#) its second-quarter GDP growth estimate from 2.1% to 2.0%. This likely is a [result of the trade war](#) as well as a reduction in state and local government spending. Strong consumer spending (+4.7%) and high federal outlays (+8.1%) offset shrinking private investments (-6.1%) and exports (-5.8%).
- The Census Bureau reported this week that the trade deficit in goods [dropped to \\$72.3 billion](#) in July from \$74.2 billion in June, amid an increase in exports and a reduction in imports.
- After two consecutive months of gains, pending home sales, a forward-looking indicator of the housing market, [fell 2.5 percent](#) in July despite lower mortgage rates. All four regions of the country registered declines.
- The Department of Labor is expected to release its final rule on worker overtime soon, raising the overtime salary threshold to \$35,308 a year. According to the Economic Policy Institute, this [weakens the 2016 rule](#), which would have increased the threshold to \$47,476.

Happening the week of September 2, 2019

- *Tuesday, 9/3/2019:* Census releases [monthly construction spending](#) data for July 2019.
- *Wednesday, 9/4/2019:* The BEA releases the [trade deficit](#) for goods and services for July.
- *Thursday, 9/5/2019:* The BLS releases revised [Productivity and Costs](#) for Q2 2019.
- *Friday, 9/6/2019:* Jobs Day. The BLS releases data on [new jobs in August, the unemployment rate and wages](#).

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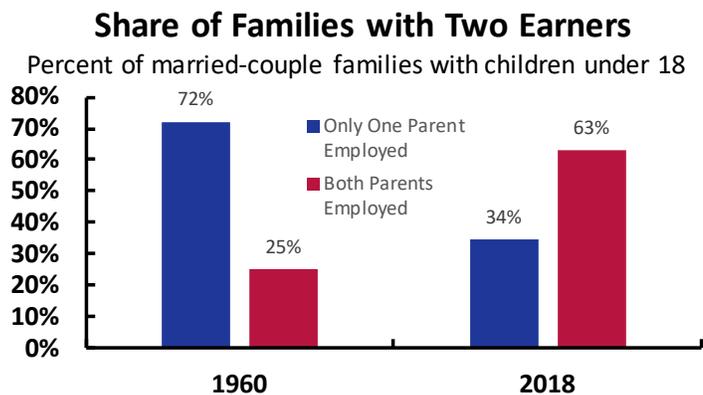
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Good reads

- [“Trump Can’t Beat Obama on the Economy,”](#) Steven Rattner, *NYT* 8/27/2019
- [“The Fed Shouldn’t Enable Donald Trump,”](#) Former NY Fed President Bill Dudley, *Bloomberg News* 8/27/2019
- [“Farmers’ Frustration With Trump Grows as U.S. Escalates China Fight,”](#) *NYT* 8/27/2019
- [“Why Aren’t More Women Working? They’re Caring for Parents,”](#) *NYT* 8/29/2019

Chart of the week

Most married households with children rely on two incomes to achieve economic security. Most Millennial women likely will continue to hold jobs after marrying and after having their first child. According to the BLS, 54% of married-couple households—with or without children—report earnings from both the husband and wife, while only 18% have earnings from the husband alone. Two-thirds of married mothers also work, and three in five children under age six have both parents in the workforce.



Source: JEC Democratic staff calculations based on data from the Pew Research Center and the Bureau of Labor Statistics

Note: Excludes married-couple families with neither parent employed

New research and reports

- The Census Bureau released a report finding stark wealth inequality between homeowners and renters. It states that “homeowners’ median net worth is [80 times larger](#) than renters’ median net worth.”
- The Hamilton Project released an analysis of the [decline in private sector union membership](#), finding that the decline in union membership has been caused by falling union density and (to a lesser degree) shifting industry composition.
- A report by EPI finds that, while wage growth is currently weak for a tight labor market, there are [significant disparities in the pace of wage growth](#) across race and gender.

Selected JEC resources

- [Gun Violence: Research Freeze Hinders Search for a Solution](#)
- [U.S. Economy by the Numbers](#)
- [Gun Violence in the United States: A Nation in a League of its Own](#)
- [Retirement Insecurity](#)

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