



ECONOMIC UPDATE

September 16, 2024

This Week in Focus

This week, all eyes are on the Federal Open Market Committee, which on Wednesday should announce its first interest cut. Whether the Fed cuts interest rates by .25% (or 25 basis points) or .50% (50 basis points), it will bring lower borrowing costs for families and businesses. This decision comes on the heels of last week's release of inflation data for August that showed the lowest annual inflation rate since early 2021 alongside falling prices for gasoline, electricity, and used vehicles. The Fed is also poised to cut because of signs that the labor market is starting to soften.

Last week the JEC Dems also analyzed new data on income, poverty, and health insurance in 2023, finding the strong labor market and falling inflation have bolstered household income and decreased the official poverty rate. Additionally, Democratic efforts to expand health insurance coverage have kept the uninsured rate near the lowest measured, though progress could stall absent more steps to boost ACA coverage and expand Medicaid. The JEC Dems also released a new [report](#) on how protecting farmworkers from extreme heat and wildfire smoke helps the U.S. economy.

JEC Resources

- [Protecting Farmworkers From Extreme Heat and Wildfire Smoke Helps the U.S. Economy](#)
- [How Democrats are Lowering Costs for Families in Every State](#)
- [Republicans Want to Extend Tax Cuts That Benefit the Wealthy and Make Everyone Else Pay For It](#)
- [How Project 2025's Economic Policies Hurt Families](#)
- [How Project 2025's Health, Education, and Climate Policies Hurt Families](#)

Economic Indicators This Week

Below are a series of economic indicators that will be released later this week, along with the consensus estimates from a group of professional forecasters about what the data point will be once it is reported. Oftentimes, news coverage of these indicators will report whether the final number came in above or below the expectations set by the forecasters' consensus.

Tuesday, September 17th:

- **Retail Sales:** The consensus forecast for August retail sales predicts total sales decreased by **0.2%**, while sales minus automobiles increased by **0.2%**. Control sales are also predicted to rise by **0.3%**.
- **Industrial Production:** Total production is expected to increase by **0.1%** while manufacturing output is expected to decrease by **0.1%**.

Wednesday, September 18th:

- **Housing Starts:** Housing starts are predicted to have increased to **1,311k** in August from **1,238k** in July. Permits are also forecasted to increase to **1,410k** from **1,396k**.
- **FOMC Policy Announcement:** Expectations are [divided](#) as to whether the Fed will cut rates by a quarter percentage point or a half percentage point.

Thursday, September 19th:

- **Jobless Claims:** Jobless claims are expected to remain the same as last week's level at **230k**.

What You Need to Know

- Companies are [holding](#) on to their **workers** as **unemployment** starts to ticks up.
- Workers at **Boeing** went on **strike** on Friday after 95% of union members [rejected](#) a new contract.
- A **new rule** from the Biden administration is **cracking down** on [de minimis](#) imports from China. This rule would make shipments from Chinese direct-to-consumer retailers like Shein and Temu subject to import tariffs and stricter customs rules at U.S. ports.
- Questions around whether the Fed will make a 25 or 50-basis point [cut](#) in **interest rates** will dominate this week's **Federal Reserve meeting**.
- **Mortgage rates** have **fallen** to their [lowest](#) in a year and a half.

What to Watch This Week

Tuesday, September 17th

- **Senate Finance Committee**, [Hearings to examine lowering health care costs for Americans, focusing on the Inflation Reduction Act](#) at 10:00 am (EDT).
- **Senate, Banking, Housing, and Urban Affairs Committee**, [Hearings to examine risks and harm in the private student lending and servicing market](#) at 2:30 pm (EDT).

Wednesday, September 18th

- **Senate, Banking, Housing, and Urban Affairs Committee**, [Hearings to examine the macroeconomic impacts of potential tax reform in 2025](#) at 2:00 pm (EDT).
- **Senate Small Business and Entrepreneurship Committee**, [Hearings to examine streamlining and coordinating support for rural small businesses](#) at 2:30 pm (EDT).
- **Senate Veterans' Affairs Committee**, [Hearings to examine current and future VA budget challenges, focusing on providing for veterans](#) at 3:00 pm (EDT).

Thursday, September 19th

- **Senate Energy and Natural Resources Committee**, [Hearings to examine fusion energy technology development and commercialization efforts](#) at 10:00 am (EDT).
- **Senate Aging Committee**, [Hearings to examine how scammers are stealing from older adults, focusing on fighting fraud](#) at 10:00 am (EDT).

What to Read From the Think Tank World

- [The Council of Economic Advisers \(CEA\)](#) analyzed recently released data for 2023 showing strong household income gains, lower official poverty, and a near record low uninsured rate. The [CEA](#) also dug into the outsized role of housing in U.S. inflation, finding it's a result of a decade-in-the-making shortage of affordable housing.
- [The Congressional Budget Office \(CBO\)](#) examined student loan repayment from 2009 to 2019, finding students on income-driven repayment plans repaid more slowly but were less likely to default. The report also found students who attended for-profit institutions repaid their loans more slowly.
- [The Economic Policy Institute \(EPI\)](#) found that teacher pay rose in 2023 but that they are still paid 73.4 cents for every dollar relative to the earnings of other similar professionals.
- [The Institute for Women's Policy Research \(IWPR\)](#) found that while women made up the majority of servers in 2023, their full-time year-round median earnings were only 78.6% of those of male servers.

Latest Academic Articles Selected From NBER

The National Bureau of Economic Research, a private research organization, circulates a series of working papers in economics every Monday morning. These offer an early look at the latest academic research findings. These are our selected recommendations from the latest papers out this morning.

- [Work from Home and Disability Employment](#)
- [Hell with the Lid Off: Racial Segregation and Environmental Equity in America's Most Polluted City](#)
- [Why Do Workers Dislike Inflation? Wage Erosion and Conflict Costs](#)
- [Assessing Nonresponse Bias in Macro Indicators by Combining Para-, Administrative, and Survey Data](#)