



## ECONOMIC UPDATE

August 16, 2019

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### Quote of the week

*“The number one economic risk factor in the world is Donald Trump personally.”*—Gene Sperling, Clinton/Obama White House Economic Adviser

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### What you need to know

- On Wednesday, [2-year Treasury bond yields surpassed those of 10-year bonds](#), causing the yield curve to “invert.” Such an inversion has preceded all recessions in the last 50 years. Markets fell, with the [Dow plunging 700 points](#) on Wednesday morning alone.
- The [Monthly Treasury Statement](#) reported a \$120 billion budget deficit for July, bringing the shortfall to \$867 billion for the first 10 months of the fiscal year. That is a 27% increase over the same period of the 2018 fiscal year.
- After declaring new tariffs on China two weeks ago, the Trump administration announced this week that it plans to [delay some of the tariffs](#), presumably to allow U.S. stores to stock up for holiday and back-to-school shoppers.
- Mortgage debt in the U.S. [exceeded its 2008 peak](#) in the second quarter, reaching [\\$9.4 trillion](#). However, household debt today is less delinquent than it was in 2008 and lending standards are tighter. The surge is likely due to a drop in the 30-year mortgage rate, as well as longer-term trends like low housing inventory and high housing prices.

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### Happening the week of August 12, 2019

- *Tuesday, 8/20:* The Philadelphia Fed releases its [Nonmanufacturing Business Outlook Survey](#).
- *Wednesday, 8/21:* The National Association of Realtors releases [Existing-Home Sales](#) numbers for July. June saw a drop of 1.7%.
- *Friday, 8/23:* Census releases monthly [new residential sales and home prices](#) for July. Numbers rose in June, but with large margins of error. Census also releases its [new building units survey](#).

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## Good reads

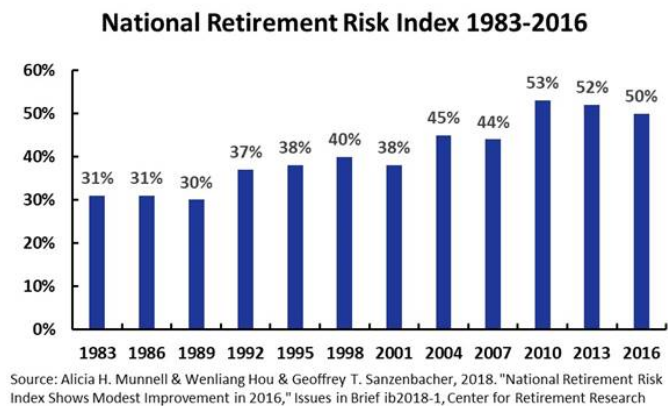
- [“Trump’s Push to Bring Back Jobs to U.S. Shows Limited Results,”](#) *NYT* 8/13/2019
- [“President Trump has made 12,019 false or misleading claims over 928 days,”](#) *Washington Post* 8/12/2019
- [“Janet Yellen says yield curve inversion may be false recession signal this time,”](#) *CNBC* 8/14/2019

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## Chart of the week

Half of American households are at risk of being unable to maintain their standard of living in retirement. Even those who take extraordinary steps – like working until 65 (five years past the current average retirement age), annuitizing all financial assets or reverse-mortgaging their homes – may not be able to maintain their living standards. See more [charts about retirement](#) by the Democratic staff of the Joint Economic Committee.



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## New research and reports

- The Joint Economic Committee released a report, [“Retirement Insecurity,”](#) which explains the current retirement crisis.
- McKinsey released a report on “the economic impact of closing the racial wealth gap,” finding that the racial wealth gap in the United States will cost between [\\$1 and \\$1.5 trillion dollars](#) in lost GDP between 2019 and 2028.
- The Economic Policy Institute finds that [CEO compensation has grown 940%](#) since 1978. Worker compensation has risen 12%.

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## Selected JEC resources

- [U.S. Economy by the Numbers](#)
- [Podcast: The Economic Explainer: The Impact of Paid Family Leave](#)
- [Retirement Insecurity Report](#)
- [Gun Violence Research Freeze](#)
- [Issue Brief on the Federal Min Wage](#)
- [Democratic Response to the Economic Report of the President](#)

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