

ECONOMIC UPDATE

November 12, 2021

Economic Issue in Focus: Strong Demand and Supply Chain Bottlenecks Are Pushing Up Prices, But the Long-Term Inflation Outlook Remains Stable

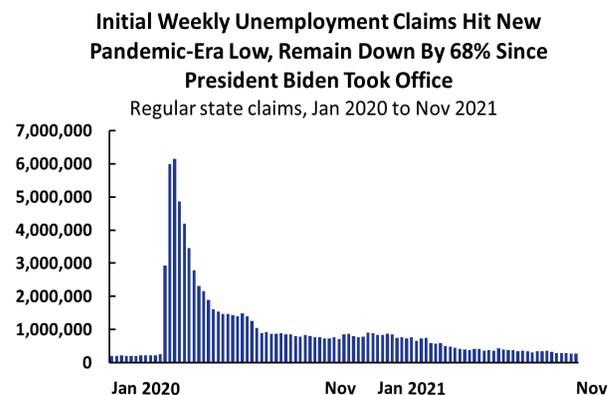
Strong consumer demand and rapid job growth have reduced unemployment faster than expected in 2021, but supply chain bottlenecks and global economic pressures have pushed up prices for households. The CPI increased 0.9 percent in October, above the 0.4 percent increase in September. High energy and food prices can be a burden on working families, despite strong wage gains under the Biden administration.

Higher energy costs [were expected](#) and are likely to continue over the next few months, after a year of [extreme weather](#) strained global natural gas supplies, and the economic rebound pushed up oil prices, led by [winter heating fuels](#) like propane and fuel oil, which increased 12.3 percent over the month. Food prices increased 0.9 percent over the month, driven by global commodity price volatility.

[Making much-needed investments in infrastructure and families will build economic resilience and reduce long-term inflationary pressures.](#) Build Back Better and the bipartisan infrastructure bill include policies to make health care, prescription drugs, child care, housing, transportation, broadband and education more affordable for working Americans, and investments that boost productivity and ensure workers can fully participate in the economy will increase economic growth and ease inflation in the long run.

Key Economic Indicators to Track

- Unemployment Insurance Claims:** [Data](#) released by the Department of Labor show that new unemployment claims continued to fall to 267,000, a new pandemic-era low, for the week ending November 6. Initial claims remain 68% lower than when President Biden took office and 96% lower than during the peak of the pandemic. The four-week moving average, which smooths week-to-week volatility in the data, also fell to a new pandemic-era low of 278,000.



Source: Department of Labor
Note: Data are seasonally adjusted.

- Job Openings and Labor Turnover Summary:** [Data](#) released by the Bureau of Labor Statistics (BLS) showed that the quits rate—the number of employees voluntarily leaving their jobs—reached a

historic high of 3 percent in September, which signifies that workers are confident enough to leave their jobs for better paying and higher-quality job opportunities. The record low rate at which employers are laying off workers also indicates employers are hiring and retaining existing employees—further evidence of a recovering labor market as unemployment dropped to 4.6% in October.

- **State and Local Jobs:** BLS is scheduled to release state and local jobs data on November 19, which will show the number of payroll employees added across different sectors in each state, as well as the unemployment rate in all 50 states. The JEC creates [State Fact Sheets](#) to provide an overview of each state’s labor market.
- **Child Tax Credit:** The [Treasury Department](#) is scheduled to distribute advance CTC payments for November on November 15. Based on the August advance payments data, the Joint Economic Committee [estimates](#) that monthly CTC payments will inject nearly \$19.3 billion into local economies each month. The JEC also [estimated](#) the number of qualifying children, total number of payments and total payment amount by congressional district in October 2021, when the fourth round of CTC payments was distributed.

JEC Spotlight: JEC To Hold Hearing Examining the Rise of Cryptocurrencies and the Regulatory, Policy and Economic Concerns For Our Nation and the Global Marketplace

In recent years, financial markets have increasingly adopted the use of digital assets like Bitcoin and other cryptocurrencies. This growth accelerated during the pandemic, as the reported total value of all cryptocurrencies grew from \$200 billion to nearly \$3 trillion between January 2020 and November 2021. The rapid growth in the cryptocurrency sector elevates consumer protection issues related to high fees, market manipulation and scam coins, and has highlighted gaps within the existing regulatory framework.

Congress and the federal government have a range of policy options to address risks and promote innovation. For example, the President’s Working Group on Financial Markets (PWG), along with members of the FDIC and the Office of the Comptroller of the Currency, recently released a [report](#) on their concerns about the stablecoin market and proposed policy solutions, and a number of legislative proposals have been introduced to guide innovation that protect crypto users and the integrity of financial markets.

On Wednesday, November 17, the Joint Economic Committee will host a hearing entitled “[Demystifying Crypto: Digital Assets and the Role of Government](#)” to examine the economic costs and potential benefits of the growing market in cryptocurrencies and digital assets. Witnesses will include Ms. Alexis Goldstein, Director of Financial Policy at the Open Markets Institute; Mr. Tim Massad, Research Fellow at the Harvard Kennedy School and Adjunct Professor of Law at Georgetown Law Center and Mr. Kevin Werbach, Professor of Legal Studies & Business Ethics and Director of the Blockchain and Digital Asset Project at The Wharton School.

Selected JEC Resources

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- [*Estimates of Advance Child Tax Credit Distribution by Congressional District \(October 2021\)*](#)
- [*State-By-State Fact Sheets: September Employment Data*](#)
- [*Health Insurance Tax Subsidies in the Build Back Better Act Will Provide Affordable Health Insurance for Millions of Americans*](#)
- [*National and State Level Data on the Economic Situation of Hispanic Americans*](#)
- [*Expanding the Housing Choice Voucher Program to Improve Housing Affordability and Economic Security for the Lowest-Income Families*](#)
- [*Strong Care Infrastructure Is Critical to Increasing Labor Force Participation and Driving Future Economic Growth*](#)
- [*Hispanic Workers Kept the U.S. Economy Moving During the Coronavirus Pandemic but Face Lower Wages and Poor Working Conditions*](#)