

# JOINT ECONOMIC COMMITTEE

CONGRESSWOMAN CAROLYN MALONEY, VICE CHAIR



## ECONOMIC UPDATE

November 15, 2019

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### Quote of the week

*"I'm very open to the idea that we don't know where maximum employment precisely is."*—Federal Reserve Chairman [Jerome H. Powell](#), Joint Economic Committee Hearing, Nov. 13

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### What you need to know

- Federal Reserve Chairman Jerome Powell testified before the JEC and the House Budget Committee this week, noting that economic fundamentals are solid despite risks posed by the trade war and global weaknesses. He signaled that the Fed likely will keep interest rates unchanged next month, while highlighting that [U.S. debt is on an "unsustainable" path](#).
- The [federal budget deficit increased to \\$134 billion in October](#), up 34 percent from the prior year. The increase was driven by both higher federal spending and lower tax revenue, due in large part to the 2017 Republican tax cuts.
- [The Consumer Price Index increased 0.4 percent in October](#) and 1.8 percent over the last 12 months. Much of the October increase reflects gasoline prices—Core CPI (which strips out food and energy) rose only 0.2 percent from the prior month.
- Newly released data show that [mortgage rates have begun to rise again](#), which economists attribute to declining fears of recession and positive developments in U.S.-China trade talks.
- [Manufacturing slowed in October](#), beyond just the GM strike. The Federal Reserve reported that industrial production fell 0.8 percent and factory output sank 0.6 percent.
- [Retail sales grew 0.3 percent in October](#), with core sales (excluding cars and gasoline) only up 0.1 percent.

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### Happening the week of November 18, 2019

- *Tuesday*: The Census Bureau releases [new residential construction](#) data for October.
- *Wednesday*: The Federal Open Market Committee releases [minutes from its October meeting](#).
- *Thursday*: The Conference Board releases its [Leading Economic Index](#). The National Association of Realtors releases [Existing-Home Sales](#) for October.
- *Friday*: University of Michigan releases its [Survey of Consumer Expectations](#).

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## Good reads

- [“As Push for Higher Minimum Wage Grows, New York Offers a Test Case,”](#) *NYT* 11/13/19
- [“Red and Blue Economies Are Heading in Sharply Different Directions,”](#) *NYT* 11/13/19
- [“Is College Worth It? A Georgetown Study Measures Return on Investment—With Some Surprising Results.”](#) *Washington Post* 11/14/19

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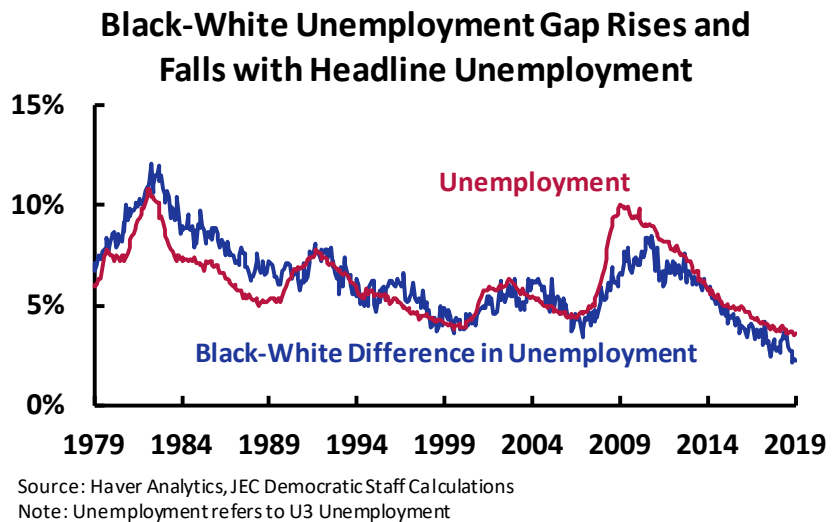
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## Chart of the week

Racial and ethnic communities who suffer from persistently high unemployment enjoy the greatest benefits of a hot labor market.

For example, the gap between the unemployment rates of black and white Americans tends to narrow as unemployment falls. One of the biggest economic puzzles is how low unemployment can go before it stokes inflation, which is currently below the Federal Reserve’s 2 percent target.

You can read more about the relationship between full employment and inflation in this [new report from the JEC](#).



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## New research and reports

- A new analysis of California’s 2004 Paid Family Leave Act [came to new conclusions](#) about the impacts of the state’s policy. *The New York Times* published a [helpful explainer](#).
- Researchers found that [“Republican candidates lost support in the 2018 congressional election](#) in counties more exposed to trade retaliation, but saw no commensurate electoral gains from US tariff protection.” They also found that concerns about health care coverage can account for eight of the GOP’s lost seats.
- A new analysis of the Affordable Care Act found that [the fully implemented ACA eliminated significant portions of the coverage gap](#) across income groups (44 percent of the coverage gap), racial groups (27 percent), marital status (45 percent) and age groups (44 percent).

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## Selected JEC resources

- [U.S. Economy by the Numbers](#)
- [50 State Economic Snapshots](#)
- [Macroeconomic Dashboard](#)
- [Fact-Checking the Claim that Household Incomes Rose \\$5K Under Trump](#)

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