

ECONOMIC UPDATE

October 28, 2022

Economic Issue in Focus: GDP Increased 2.6% in the Third Quarter, Rebounding From the First Half of the Year

U.S. economic growth accelerated over the last three months, growing at an annualized rate of 2.6%, according to the Bureau of Economic Analysis's (BEA) initial [estimate](#) of third quarter gross domestic product (GDP). The pace of growth, which exceeded expectations, was driven by strong net exports, business investment and consumer spending. Importantly, the data show that real GDP has now recovered all the losses from the first half of the year, and projections show positive growth for the year 2022.

The GDP data reflect confidence in the resilience of the U.S. economy. Firms are expanding their operations, and investments from the CHIPS and Science Act will further support domestic production in key industries and boost manufacturing jobs around the country. Businesses continue to hire workers—3.8 million jobs have been added in 2022—and the unemployment rate now matches a 50-year low of 3.5%.

Although the recovery is reaching communities that have historically been excluded from economic growth, higher prices are depriving workers and families of the benefits of a strong economy. Democrats have taken a number of [actions](#) to help ease these pressures including passing the Inflation Reduction Act, which will bring down health care and energy costs now and in the long term. Congress and the Biden administration continue to work to bring down costs for workers and families.

Key Economic Indicators to Track

- **PCE Inflation in September Matched August Increases:** Data from the Bureau of Economic Analysis on the Personal Consumption Expenditures (PCE) index [showed](#) headline and core inflation in September increased 0.3% and 0.5%, respectively—matching the August change. Prices for goods decreased 0.1% and energy prices decreased 2.4% during the month. Over the last year, prices increased a total of 6.2% through September, matching the annual inflation rate from August.
- **Filings for Initial Unemployment Insurance Claims Remain Near the Lowest in Decades:** The [number](#) of Americans who filed new claims for unemployment insurance rose slightly to 217,000 from 214,000 during the week ending October 22. Over the last four weeks, the average number of Americans receiving unemployment insurance benefits is down by 75% since President Biden took office.
- **Federal Reserve Expected to Raise Interest Rates by 75 Basis Points Next Week:** The Federal Reserve Open Market Committee will meet next week and is expected to raise interest rates by three-quarters of a percentage point as inflation remains too high.

JEC Spotlight: The United States Has Added 696,000 Manufacturing Jobs Across the Country During the Biden Administration

A new JEC [brief](#) with state-by-state data shows the United States added 696,000 manufacturing jobs in the 20 months since President Biden came into office and almost every state saw gains. By comparison, in the 20 months preceding the coronavirus pandemic, from July 2018 to February 2020, the U.S. added just 92,000 manufacturing jobs and 13 states lost manufacturing jobs. Additionally, key supply-chain sectors critical to domestic manufacturing and production, including transportation and warehousing, have seen strong jobs in recent months.

Manufacturing jobs have traditionally [provided](#) secure, high-paying jobs for workers without a college degree. Manufacturing jobs frequently offer better pay, more consistent hours and stronger worker protections than retail or other service industries. In the first two decades after 2000, the United States lost more than a quarter of all domestic manufacturing jobs, a decline of about 4.5 million. Increased competition from China led to an estimated 985,000 American manufacturing jobs lost between 1999 and 2011.

Investments made by Congress and the Biden administration in domestic manufacturing and production are reversing these declines and fueling the creation of American manufacturing jobs. Historic investments in domestic manufacturing and cutting-edge technology from the bipartisan CHIPS and Science Act will spur innovation and could lead to 19 new advanced fabrication facilities in the United States over a decade, fueling jobs in construction, manufacturing and technology. The Inflation Reduction Act incentivizes green manufacturing and uses targeted tax credits for clean technologies, such as wind, solar and battery components manufactured in the United States.

See the number of manufacturing jobs added under President Biden for each state [here](#).

Selected JEC Resources

- [*Repealing the Inflation Reduction Act Would Increase Costs for Families, Drive Up the Deficit and Hurt Job Growth*](#)
- [*Republicans Threaten Debt Limit Default to Force Cuts to Economic Security Programs*](#)
- [*By the Numbers: How Democrats Are Creating Jobs and Cutting Costs, State Data and Congressional District Data*](#)
- [*States That Most Restrict Access to Abortion Have Worse Economic Conditions for Families*](#)
- [*The Economic Impacts of Contraception*](#)
- [*The Economic Toll of the Opioid Crisis Reached Nearly \\$1.5 Trillion in 2020*](#)

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