

# JOINT ECONOMIC COMMITTEE

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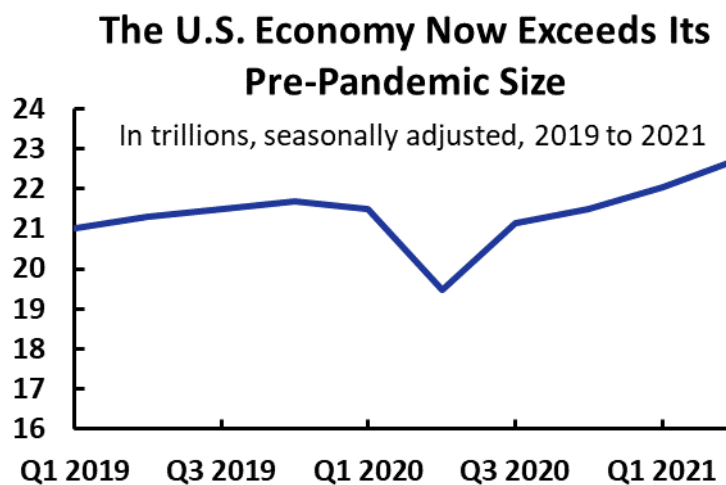
## ECONOMIC UPDATE

July 30, 2021

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### Economic Issue in Focus – The U.S. Economy Now Exceeds Its Pre-Pandemic Size

- The Bureau of Economic Analysis [announced](#) that real gross domestic product grew by 6.5% annualized in the second quarter of 2021, bringing the economy above its pre-pandemic peak and marking the second consecutive quarter with growth over 6%. Consumer spending increased at an annualized rate of 11.8%, and was the largest contributor to overall economic growth. As a result of the American Rescue Plan and the Biden administration's successful vaccination campaign, GDP growth in just the *first half* of the year has made up over 90% of the growth the OECD previously forecast for *all* of 2021.



Source: Bureau of Economic Analysis

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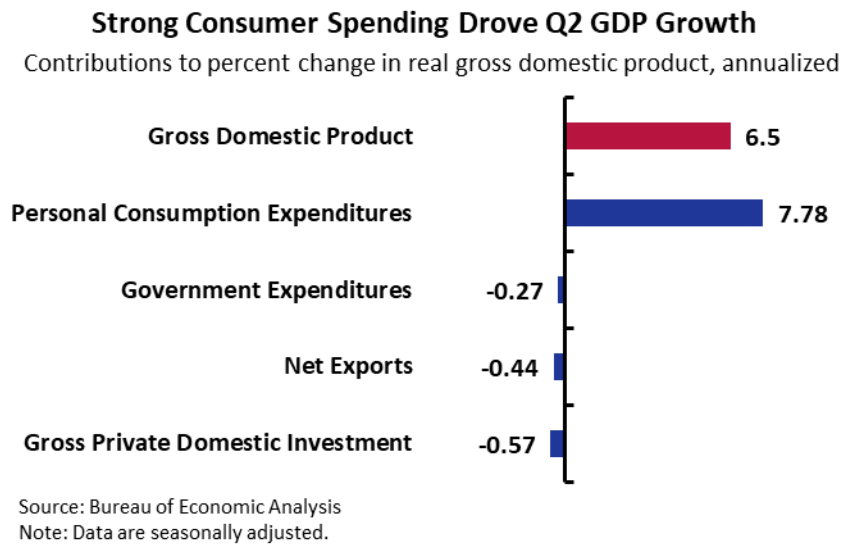
### Key Economic Indicators to Track

- *July 27*: The Consumer Confidence Index [rose](#) from 128.9 in June to 129.1 in July, the sixth consecutive month of increased consumer confidence. This brings the index close to pre-pandemic levels, signaling that consumers have a positive outlook for the economy as it reopens.
- *July 28*: The Federal Open Market Committee (FOMC) left interest rates unchanged. Federal Reserve Chair Powell acknowledged that the Fed has begun to discuss scaling back purchases of mortgage backed securities and Treasury securities in response to the strengthening economy.
- *July 30*: The BEA released [core PCE](#) data (one of the two key measures of inflation along with the Consumer Price Index) for June. Core PCE decreased to .4 marking the second consecutive month that core PCE has decreased.

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## JEC Spotlight – Consumer Spending Powered Economic Growth In Q2 2021

The U.S. economy continues to outpace many of the pre-American Rescue Plan forecasts, driven largely by accelerating growth in consumer spending. Personal consumption expenditures contributed 7.78 percentage points to overall real GDP growth. As industries affected most by the pandemic, such as restaurants and bars, can safely resume more normal levels of economic activity, they are driving the recovery: Food services and accommodations contributed 2.24 percentage points to Q2 GDP growth, and recreation services contributed 0.75 percentage points. To continue this growth, it is essential to prioritize investments to boost economic growth, address the effects of climate change and ensure a more equitable recovery



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### Selected JEC Resources

- [\*Investing in the IRS to Close the Tax Gap\*](#)
- [\*Unemployment Insurance, Worker Power and the Recovery\*](#)

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