



## ECONOMIC UPDATE

July 17, 2023

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### This Week in Focus

Last week's good news on inflation data will continue to be discussed as we approach the Federal Reserve's meeting next week where they will decide whether or not to raise interest rates. Despite the substantial progress on inflation, Fed policymakers have signaled in recent weeks that they expect to increase rates by another quarter percentage point when they meet next week. Wages are now growing faster than inflation, which is helping to reverse decades-long patterns of growing income inequality. New data on Friday will give details on how well the strong labor market is holding up in individual states.

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### JEC Resources

- [JEC Chairman Heinrich on June CPI Data](#)
- [Democrats Call on World Bank to Direct More Resources to Climate Projects](#)
- [Modernizing the Schedule A Occupation List Can Help the United States Address Key Employment Shortages](#)

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### Economic Indicators This Week

*Below are a series of economic indicators that will be released later this week, along with the consensus estimates from a group of professional forecasters about what the data point will be once it is reported. Oftentimes, news coverage of these indicators will report whether the final number came in above or below the expectations set by the forecasters' consensus.*

- **Thursday, July 20:** Weekly Jobless Claims – The consensus forecast is that initial jobless claims rose to **245,000** for the week ending July 21, up from last week's 238,000.
- **Friday, July 21:** State Employment Data – The Bureau of Labor Statistics is scheduled to release state-level employment data. The JEC Democratic Staff will produce fact sheets using these data that can be found on our website. Examples from last month are available [here](#).

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### What You Need to Know

- **Inflation is rapidly cooling after peaking last summer, with overall consumer prices in June increasing only 3% from last year.** However, inflation decline is [uneven](#), as prices for some everyday items cost less last month than they did a year ago, but other products cost significantly more.
- **Wage increases have overtaken inflation for the first time in two years.** Wages [rose](#) more than 4% over the last year while consumer prices increased 3%.
- **Three of the biggest banks in the U.S. made a total of \$22.3 billion in profits last quarter.** JP Morgan Chase, Wells Fargo, Citi reported better-than-expected profits, [signaling](#) resilience among the largest U.S. banks.

- **Consumers have more money in their bank accounts than before the pandemic.** New data [show](#) that bank account balances are 10 to 15% higher than they were in 2019.
- **Actors join writers in Hollywood’s biggest strike in more than 6 decades.** Actors are [joining](#) writers who walked out in May, concerned about pay, working conditions, and the industry's use of artificial intelligence.
- **Who has student loan debt in the U.S.?** The Washington Post [explores](#) the demographic break down of who would be most impacted by the end of federal student loan payment moratorium.

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## What to Watch This Week

### Tuesday

- **Senate Financial Services, [Oversight of the SEC’s Division of Corporation Finance](#) at 10 am (EDT)**

### Wednesday

- **House Small Business, [Burdensome Red Tape: Overregulation in Health Care and the Impact on Small Businesses](#) at 9:30 am (EDT)**

### Thursday

- **Senate Banking, Housing, and Urban Affairs, [Perspectives on Deposit Insurance Reform after Recent Bank Failures](#) at 10:00 am (EDT)**

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## What to Read From the Think Tank World

- The [Council of Economic Advisors](#) (CEA) analyzes the release of the Consumer Price Index (CPI).
- The [Washington Center for Equitable Growth](#) highlights the need for policies to address algorithmic wage discrimination.
- The [Urban Institute](#) examines the unequal distribution of medical debt across New York state.
- The [National Women’s Law Center](#) demonstrates why Social Security is vital to older women’s financial security.
- The [Center for Economic and Policy Research](#) (CEPR) notes that the employment-rate gap for Black and white workers only closes if white retirees are included.

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## Latest Academic Articles Selected From NBER

*The National Bureau of Economic Research, a private research organization, circulates a series of working papers in economics every Monday morning. Because it takes a long time for articles to appear in peer-reviewed journals, many economists look to this series for the latest academic research findings. These are our selected recommendations from the latest papers out this morning.*

- [Monopsony, Efficiency, and the Regularization of Undocumented Immigrants](#)
- [Regulating Transformative Technologies](#)
- [The Rise in American Pain: The Importance of the Great Recession](#)