

ECONOMIC UPDATE

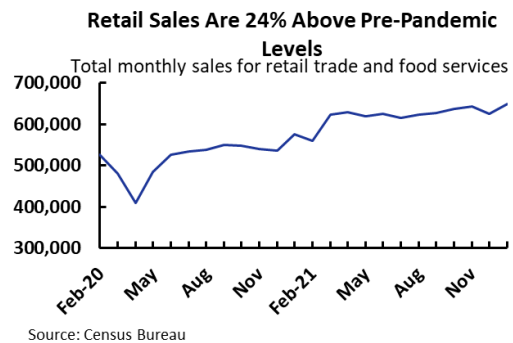
February 18, 2022

Economic Issue in Focus: The Federal Reserve requires a full leadership team to successfully address inflation and bolster economic growth

President Biden has nominated a group of highly qualified experts to the Federal Reserve board with the experience and knowledge to effectively use the Fed's tools to fight inflation while continuing to add jobs and strengthen the economy. Confirming President Biden's nominees to the Fed will ensure that the Fed has a strong and effective board, including continued leadership under Chair Jerome Powell, who was originally nominated by former President Trump. Ending the unnecessary delays in the confirmation process and filling the vacant seats on the Fed board will ensure that the bank can function effectively to fight inflation while continuing record economic growth and a strong labor market.

Key Economic Indicators to Track

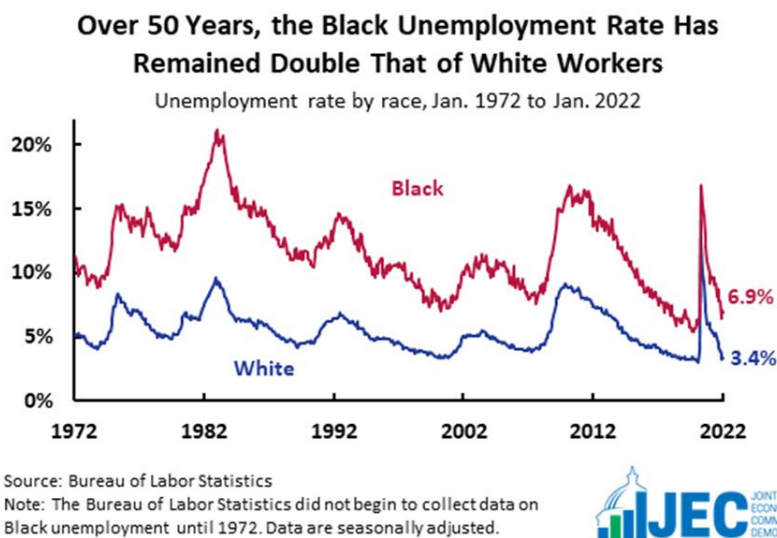
- **Retail Sales:** [Data](#) released by the Census Bureau showed that retail sales rose by 3.8% in January—surpassing analysts' expectations—and are now 24% above pre-pandemic levels. This shows that retail sales rebounded strongly, after falling slightly in December due to the Omicron wave. January's data suggest that consumers continue to have confidence in the strength of the U.S. economy and indicate that first quarter GDP growth could be higher than previously forecasted.
- **Federal Reserve Meeting Minutes:** The Federal Reserve released the [minutes](#) from its latest Federal Open Market Committee (FOMC) meeting, where members discussed the timing of potential interest rate hikes and easing of emergency support measures. The minutes show that while the FOMC includes a range of hawkish and dovish views on inflation, rate increases and reducing the balance sheet are expected in 2022. Discussions around the most appropriate pace of reducing interest rates are likely to continue in the coming months.
- **Unemployment Insurance Claims:** The latest [data](#) released by the Department of Labor show that after falling to a 50-year low in December 2021, new unemployment claims ticked up to 248,000 for the week ending February 12, up from 225,000 the previous week. These data use updated seasonal adjustments that, among other things, account for the affect of the pandemic. The four-week moving



average (which smooths week-to-week volatility in the data) is now at 243,250, remaining down by 71% since President Biden took office.

JEC Spotlight: New JEC Research on Unemployment among Black Americans

In recognition of Black History Month and in celebration of the 50th anniversary of the Congressional Black Caucus (CBC), the JEC in collaboration with the CBC released a [new analysis](#), which highlights that despite significant areas of economic progress among Black Americans, structural and economic barriers facing Black workers and families persist. Historically, the unemployment rate for Black workers has been approximately [double the rate](#) for white workers. The initial pandemic shock temporarily decreased the difference between the Black and white unemployment rates to an all-time low of 2.5 percentage points in April 2020, as workers of all backgrounds faced historically high unemployment. However, inequalities in unemployment between Black and white workers reemerged as the U.S. economy rebounded and have returned to prior levels. Black unemployment currently stands at 6.9%, significantly below levels seen earlier during the pandemic but 3.5 percentage points higher and twice the unemployment rate of white workers.



Selected JEC Resources

- [The U.S. Economy Experienced a Record Rebound During President Biden's First Year in Office](#)
- [Decades of Manufacturing Decline and Outsourcing Left U.S. Supply Chains Vulnerable to Disruption](#)
- [The U.S. Added Manufacturing Jobs Across the Country in 2021](#)
- [Investments in Preschool Can Generate Nearly 9 Times the Return on Investment](#)

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Contact: nita_somasundaram@jec.senate.gov