



## ECONOMIC UPDATE

July 31, 2023

*During the August recess, the JEC's weekly will pause our economic update. We will come back on Tuesday, September 5<sup>th</sup>.*

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### This Week in Focus

As the Senate enters August recess, the American economy continues to exceed expectations. Last Thursday, the Bureau of Economic Analysis reported its initial estimate that real gross domestic product (GDP) expanded 2.4% in the second-quarter on an annualized basis. This last quarter's expansion was in part led by increased business investment fueled by the landmark bills passed last Congress. And as we approach the one-year Anniversary of the Inflation Reduction Act, the United States is seeing lower inflation each month. We will get additional information on the health of the labor market on Friday, where the July employment report is expected to show steady jobs gains, low unemployment, and higher wages.

Ahead of the Federal Reserve Open Market Committee (FOMC) meeting last week, JEC Chairman Heinrich sent a letter to Federal Reserve Chairman Jerome Powell urging caution around additional monetary tightening in light of falling inflation and the expiration of pandemic support programs for child and health care that will increase economic stress for working families. The Fed increased interest rates by another quarter percentage point during their meeting, with the next meeting to be held in late September 2023.

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### JEC Resources

- [JEC Chairman Heinrich Releases Response to Economic Report of The President](#)
- [JEC Chairman Heinrich on Second Quarter GDP Growth](#)
- [JEC Chairman Heinrich Writes to Federal Reserve Chairman Powell on Concerns About Future Interest Rate Hikes](#)
- [Unions Support Workers and Grow the Middle Class](#)

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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.*

- **Tuesday, August 1:** Job Openings and Labor Turnover Survey - The consensus forecast is that the total number of job openings fell to **9,620,000** in July.
- **Thursday, August 3:** Weekly Jobless Claims - The consensus forecast is that initial jobless claims rose to **227,000** for the week ending July 28, up from last week's 221,000.
- **Friday, August 4:** Employment data - According to consensus forecasts, **200,000 jobs** were added in July, the unemployment remained unchanged at **3.6%**, and average hourly earnings rose by **0.3%**.

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## What You Need to Know

- **Record heat waves are costing the economy billions.** Recent studies [highlight](#) how heat waves harm workers throughout the U.S. and global economies, costing an estimated \$100 billion in the United States through lower productivity, fewer hours worked, and worse public health.
- **U.S. real gross domestic product (GDP) rose at a 2.4% annualized rate in the second quarter of 2023.** Consumer spending and resurgent business investment were [instrumental](#) to the uptick in growth.
- **The public sector is getting help with their workforce shortages.** Unions are [helping](#) to recruit workers into public sector jobs, as state and local governments face severe shortages.
- **Supply chains are no longer overwhelmed, which is good news for consumers and bad news for truckers.** The number of new truck drivers soared [amid](#) the pandemic, but now truck drivers are quitting as supply chains get back to normal.
- **Business spending on infrastructure accounted for 15% of the economy.** Business investments [fueled](#) by Biden administration policy are strengthening the economy.

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## What to Watch This Week

There are no relevant hearings to watch from July 31, 2023, to September 1, 2023.

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## What to Rad From the Think Tank World

- The [Council of Economic Advisors](#) (CEA) analyzed the recent GDP data release for the second quarter. The [CEA](#) also highlighted the strength of the labor market even when accounting for the impacts of age on certain labor market indicators.
- Many groups released research on the wage gap and economic security of Black women in honor of Black Women's Equal Pay Day, including the [Institute for Women's Policy Research](#), [National Partnership for Women and Families](#), and [National Women's Law Center](#).
- [The Economic Policy Institute](#) (EPI) broke down how unions promote racial equity.
- [The Washington Center for Equitable Growth](#) walked through a new working paper demonstrating how the expansion of the Child Tax Credit helped families without reducing labor force participation during the COVID-19 pandemic.
- The [Center for American Progress](#) made recommendations to maximize the benefits of direct pay for clean energy tax credits.

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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.*

- [Information Aggregation in Stratified Societies](#)
- [Global Transportation Decarbonization](#)
- [Is This Time Different? The Safety Net Response to the Pandemic Recession](#)
- [The Economic Determinants of Heat Pump Adoption](#)