

# JOINT ECONOMIC COMMITTEE

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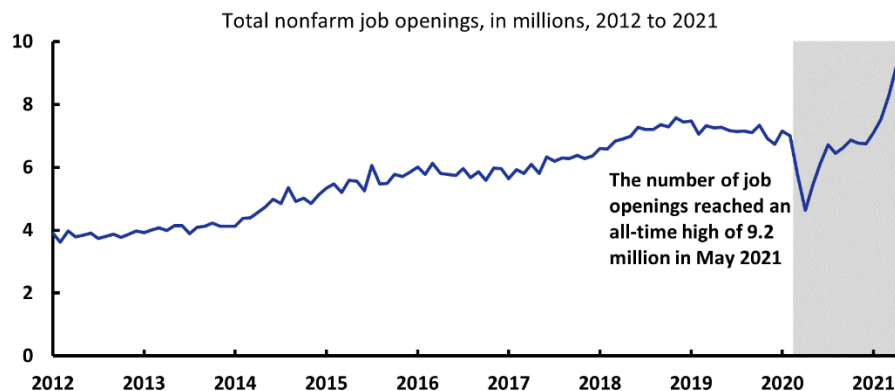
## ECONOMIC UPDATE

July 9, 2021

### Economic Issue in Focus – Job Openings and Labor Turnover Survey

The Bureau of Labor Statistics released its May [Job Openings and Labor Turnover Survey \(JOLTS\)](#) this week, and the topline takeaway is that the labor market continues to make progress toward recovery. The report revealed that job openings were at a record high (9.2 million), reflecting confidence on the part of employers, who need to hire more workers to meet growing demand as the economy can safely re-open. Additionally, the data showed that the quits rate is near historic highs (2.5 percent of total U.S. employment), which signifies that workers feel confident enough to quit their jobs to find ones that better fit their skills and needs and that pay higher wages. Employers are also laying off workers at record lows, indicating employers are not only upping their hiring but also retaining existing employees—further evidence of a recovering labor market.

#### The Number of Job Openings Has Reached New Highs as Employers Are Hiring More Workers to Meet Surging Demand



Source: Bureau of Labor Statistics, National Bureau of Economic Research  
Note: Data are seasonally adjusted. Shading indicates a recession.

### Key Economic Indicators to Track

- *July 7* – [Minutes](#) from the Federal Open Market Committee’s June meeting show that Fed officials are not yet ready to begin tapering off bond purchases. Officials noted that they expect the economy’s progress to continue, potentially meeting that benchmark sooner than anticipated. Officials also reaffirmed the Fed’s commitment to using its full range of tools to promote its goals for maximum employment and price stability, including its goal of 2 percent inflation on average over time.
- *July 8* – As the U.S. economy continues to improve, [initial regular state unemployment insurance claims](#) totaled 373,000 for the week ending July 3. This is the second-lowest level of claims since March 2020 (after last week).

- *July 9* – The Federal Reserve released its semiannual [Monetary Policy Report](#), which highlights the role of vaccinations, as well as accommodative fiscal and monetary policy, in reopening the economy and spurring strong economic growth. The Federal Reserve projects 7.0 percent real GDP growth this year and an unemployment rate of 3.8 percent and PCE inflation of 2.1 percent in 2022.
- *July 13* – The Bureau of Labor Statistics will release June data for the [Consumer Price Index](#) (one of the two key measures of inflation along with PCE). This number will be closely watched in the ongoing conversations about inflation.

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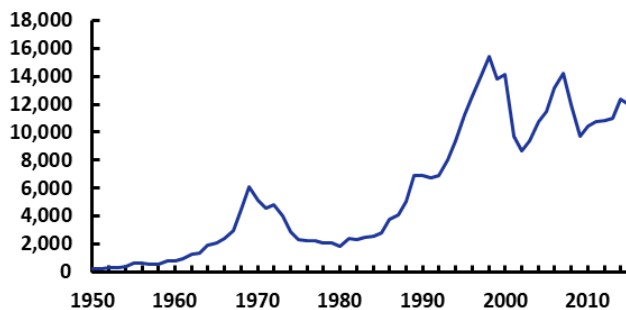
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## JEC Spotlight

Over the past 30 years, the United States has experienced a rise and concentration of corporate market power that has harmed consumers, workers and small businesses. Instead of furthering shared prosperity, corporate market power has concentrated profits while reducing America’s economic dynamism. For example, the data show that the United States experienced a significant increase in corporate mergers in the past few decades. During this time, corporate profits increased even as firms devoted a smaller portion of those profits to business investment. This issue and others will be the subject of the Joint Economic Committee’s [hearing](#) entitled, “A Second Gilded Age: How Concentrated Corporate Power Undermines Shared Prosperity” on Wednesday, July 14, at 2:30 p.m. ET.

### The Number of Mergers and Acquisitions Has Increased in Recent Years

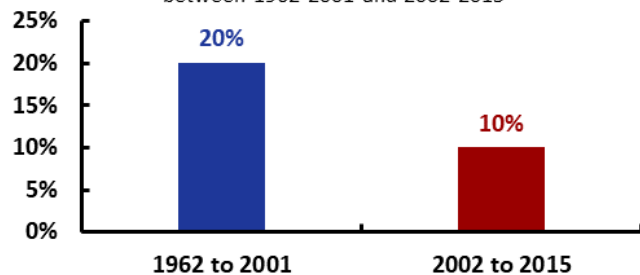
Number of M&A deals in the United States by year, 1950 to 2015



Source: Philippon (2019)

### Business Net Investment Has Decreased Relative to Net Operating Surplus

Average ratios of net fixed capital formation over net surplus, between 1962-2001 and 2002-2015



Source: Philippon (2019)

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## Selected JEC Resources

- [A 21<sup>st</sup> Century UI System Is a Requirement for Economic Resilience in Future Downturns](#)
- [Investing in the IRS to Close the Tax Gap](#)

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