



ECONOMIC UPDATE

July 10, 2023

This Week in Focus

Last week's strong job growth numbers suggest a level of cautious optimism that we will continue to see falling inflation while avoiding a recession in the near term. That said, policy makers should monitor the recent increase in Black unemployment as they take a holistic view of the health of the labor market. Economic observers will be looking to CPI inflation on Wednesday to see how price growth has tempered in recent months. Hearings this week focus on longer-term investments in the health and growth of our economy.

JEC Resources

- [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](#)
- [Pride Month: Keeping Up The Fight For LGBTQI+ Rights](#)

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.

- **Wednesday, July 10:** Consumer Prices – The consensus forecast is that that the consumer price index (CPI) rose by **0.3%** in June and the core rose by **0.3%**, on an annual basis headline inflation is expected to decelerate from 4.0% in May to 3.1% in June.
- **Thursday, July 13:** Weekly Jobless Claims – The consensus forecast is that initial jobless claims rose to **250,000** for the week ending June 16, up from last week's 248,000.
- **Thursday, July 13:** Treasury Budget – The consensus forecast is that the deficit will likely be much higher than the \$89 billion reported in June 2022, coming in at **\$182 billion**.

What You Need to Know

- **Solid June jobs report does little to clarify the Fed's interest rate decisions at the end of the month.** Job growth eased to the lowest pace since late 2020 but wages rose and unemployment fell, making it likely that the Fed will keep [raising](#) interest rates later this month.
- **Quit rates are reaching pre-pandemic levels.** One sign of the cooling labor market is the slowdown in the number of workers [quitting](#) their jobs, which peaked during the pandemic and is now returning to pre-pandemic levels.
- **U.S. labor market is showing unexpected pockets of strength.** Occupations typically sensitive to higher borrowing costs, like builders, architects and engineers, real-estate agents, and vehicle manufactures, have [increased](#) employment in the beginning of 2023.

- **The U.S. manufacturing renaissance is on the rise, but it will require a lot more skilled workers.** A program in Tennessee, which began to offer free technical school in the mid-2010s while partnering with vehicle manufacturers, can serve as an example of how to help meet future labor demand in the [manufacturing](#) industry.
- **Leading economists at big banks have lowered their odds of an imminent recession.** Economists at banks like Goldman Sachs and JPMorgan Chase have [lowered](#) their odds of an imminent recession, pointing to a resilient labor market and steady household finances as signs that the U.S. can persevere as the Fed continues to drive up interest rates.
- **The green energy agenda is up against auto unions this week.** Contract negotiations between automakers and the United Auto Workers begin this week as the automotive sector balances the need to [ensure](#) labor rights and U.S. green-energy policy goals.

What to Watch This Week

Wednesday

- **Senate Budget, [Protecting Social Security for All: Making the Wealthy Pay Their Fair Share](#) at 10:00 am (EDT)**
- **Senate Banking, Housing, and Urban Affairs, [Bank Mergers and the Economic Impacts of Consolidation](#) at 2:30 pm (EDT)**

Thursday

- **Senate Committee on Finance, [Assessing 25 Years of the Child Tax Credit \(1997-2022\)](#) at 10:00 AM (EDT)**

What to Read From the Think Tank World

- The [Council of Economic Advisers](#) (CEA), the [Center for Economic and Policy Research](#), and the [Economic Policy Institute](#) (EPI) unpack the June jobs report.
- CEA shows that [inflation peaked](#) earlier in the U.S. than in other G7 countries.
- The Center for American Progress examines the outsized role of [rental inflation](#) on the CPI.
- EPI spotlights the 19 states and localities that will increase their [minimum wages](#) this summer.
- The New York Fed explores the exposure of U.S. banks' loan portfolios to [climate transition](#) risks.

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.

- [The Intergenerational Transmission of Poverty and Public Assistance: Evidence from the Earned Income Tax Credit](#)
- [Law-Abiding Immigrants: The Incarceration Gap Between Immigrants and the US-born, 1850–2020](#)
- [Certification and Recertification in Welfare Programs: What Happens When Automation Goes Wrong?](#)
- [Bottlenecks: Sectoral Imbalances and the US Productivity Slowdown](#)