



## ECONOMIC UPDATE

January 8, 2024

---

### This Week in Focus

It's another Monday in Washington with both the House and Senate coming back to start the 2<sup>nd</sup> session of the 118<sup>th</sup> Congress. Looking ahead to Thursday, the JEC Dems will be focused on the release of inflation data. The consensus forecast is for the Consumer Price Index (CPI) in December to rise by 0.2%—only a slight uptick from the 0.1% increase in November. The consensus also forecasts core inflation—which excludes the often-volatile food and energy components—to rise by 0.3%, matching November's increase.

Last Friday's release of employment data found the labor market remained strong to close out the year, with the U.S. economy adding 216,000 jobs in December 2023. Employers added a robust average of 225,000 jobs per month in 2023, even as monthly job numbers are returning to more normal levels. The data also showed unemployment held steady at 3.7%—continuing the longest streak in decades of an unemployment rate below 4%. To learn more, check out the Council of Economic Advisers' [round up](#) of calendar year 2023 (hint: they found strong job gains, labor force growth for prime-age workers, and wage growth in addition to low unemployment amid declining inflation).

---

### JEC Resources

- [JEC Chairman Heinrich's Statement on the December Jobs Report.](#)
- [Wages and Salaries Have Grown Faster Than Prices Since January 2021.](#)
- [Cutting IRS Funding Makes It Easier for the Wealthy to Cheat on Their Taxes and Increases the Budget Deficit.](#)
- [A Republican Shutdown Threatens WIC Nutrition Benefits in Every State and Congressional District.](#)

---

### 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, January 11:** Jobless claims – The consensus forecast is for weekly jobless claims to rise to **211K** from last week's **202K**.
- **Thursday, January 11:** Inflation – The consensus forecast is that the **CPI** in December rose by **0.2%** while core inflation rose by **0.3%**.

---

### What You Need to Know

- A growing number of [workers](#) entering the workforce is helping to **drive strong job growth** without inflation.
- **Natural disasters** exacerbated by climate change are **driving up the costs** of home and auto [insurance](#).

- After a good year for **auto sales** in 2023, experts are expecting a [slowdown](#) in 2024 due to **high interest rates**.
- The Biden administration announced a **\$162 million CHIPS Act grant** to **semiconductor** maker Microchip Technology last week.

---

## What to Watch This Week

### Wednesday

- **House Financial Services Subcommittee on Capital Markets**, [Examining the DOL Fiduciary Rule: Implications for Retirement Savings and Access](#) at 10:00 am (EST).
- **Senate Homeland Security and Governmental Affairs Committee**, [Hearings to examine harnessing AI to improve government services and customer service](#) at 10:00 am (EST).
- **Senate Budget Committee**, [Hearings to examine investing in the future, focusing on safeguarding municipal bonds from climate risk](#) at 10:00 am (EST).

### Thursday

- **Senate Energy and Natural Resources Committee**, [Hearings to examine federal electric vehicle incentives including the federal government's role in fostering reliable and resilient electric vehicle supply chains](#) at 10:00 am (EST).
- **House Education and the Workforce Committee**, [Lowering Costs and Increasing Access to Health Care with Employer-Driven Innovation](#) at 10:15 am (EST).

---

## What to Read From the Think Tank World

- [The Council of Economic Advisers \(CEA\)](#) analyzed the labor market for calendar year 2023, finding strong job gains, labor force growth for prime-age (ages 25-54) workers, and wage growth in addition to low unemployment amid declining inflation.
- [The Economic Policy Institute \(EPI\)](#) highlighted how 22 states increased their minimum wages on January 1, raising pay for nearly 10 million workers.
- [The Brookings Institution](#) dug into why Americans are so displeased with the economy, finding biased sources of information play a role that economic news has become systematically more negative beginning in 2018, with the negative bias growing over the past three years.
- In-line with [findings](#) from the JEC Dems, [the Center for American Progress \(CAP\)](#) found workers' paychecks are growing more quickly than prices.
- [The Pew Research Center](#) analyzed teens' use of social media, finding roughly 90% said they use YouTube and more than half said they use TikTok, Snapchat, and Instagram.

---

## 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.*

- [Disentangling Various Explanations for the Declining Labor Share: Evidence from Millions of Firm Records.](#)
- [\(Almost\) 200 Years of News-Based Economic Sentiment.](#)
- [Trust and Health Care-Seeking Behavior.](#)
- [Energy Hogs and Energy Angels: What Does Residential Electricity Usage Really Tell Us About Profligate Consumption?](#)