ECONOMIC UPDATE
September 16, 2019

Quote of the week

"[President Trump] imagines that the government's finances can be managed as if the U.S. were a casino or a golf course, and it never occurred to him to ask anyone at Treasury whether that's how it works."—Economist Paul Krugman

What you need to know

- Optimism among small-business owners in August fell to the lowest level in five months amid growing uncertainty and trouble hiring qualified workers.

- An analysis from Moody's Analytics estimates that President Trump's trade war with China has already led to 300,000 fewer U.S. jobs being created.

- On Tuesday, the Census Bureau released its annual report on incomes, poverty and health insurance coverage based on the Current Population Survey. Some findings:
    - Median incomes stayed roughly the same from 2017 to 2018, ending three consecutive years of increases.
    - The number of people without health insurance rose from 25.6 million (7.9 percent) to 27.5 million (8.5 percent).
    - The official poverty rate dropped half a percentage point to 11.8 percent, the fourth consecutive year on year decline.

- The Bureau of Labor Statistics reported that the number of job openings declined from the previous year for the second month in a row.

- CEOs of nearly 150 American companies signed a letter to Senate leaders urging the Senate to pass bills requiring background checks on all gun sales and a strong Red Flag law.

Happening the week of September 16, 2019

- *Tuesday:* The Fed releases Industrial Production and Capacity Utilization data for August.

- *Wednesday:* The Census Bureau releases monthly new residential construction statistics for August. The Federal Open Market Committee is expected to release a statement on their Fed rate decision following the September FOMC meeting.

- *Thursday:* The National Association of Realtors releases existing-home sales for August.

- *Friday:* The Bureau of Labor Statistics releases state employment and unemployment data for August.

Good reads
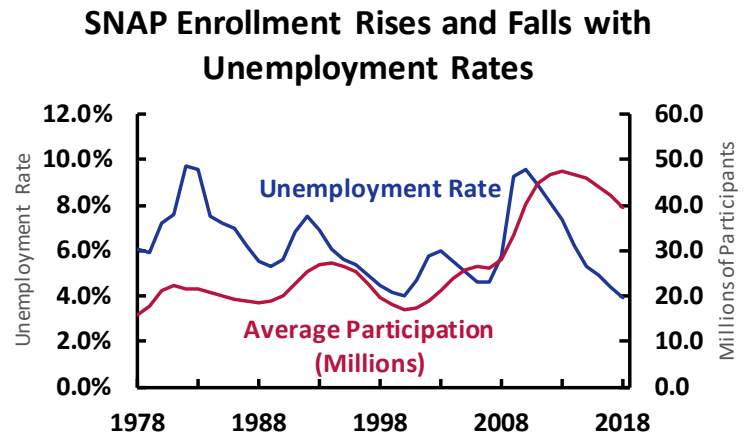
- "Trump says 'boneheads' at Fed should cut interest rates to zero – or even set negative rates," *Washington Post* 9/11/2019

- "Recession Already Grips Corners of U.S., Menacing Trump's 2020 Bid," *Bloomberg* Businessweek 9/9/2019

- JPMorgan creates 'Volfefe index' to measure Trump tweets' impact on market, *The Hill* 9/8/19

Chart of the week

SNAP and other automatic safety net programs like unemployment insurance are *automatic stabilizers*, because they help to soften the blow of recessions.

When unemployment rates rise, affected workers have less money to spend, so their reduced consumption further slows economic growth. However, SNAP enrollment and benefits rise when this happens, helping low-income families sustain spending on food and keeping economic activity from slowing more severely.

SNAP Enrollment Rises and Falls with Unemployment Rates

Source: JEC Democratic Staff calculations using USDA and BLS data

New research and reports

- The National Bureau of Economic Research finds that consumers rely on changes in the prices of groceries to inform their expectations of inflation.

- Another paper published this week finds evidence that economic stimulus financed by "printing money" may be more effective than a debt-financed stimulus.

- The Urban Institute is making available its research data with the Urban Institute Data Catalog. This will include data on a wide range of issues including opioid use, nonprofits, education, earned income tax credit, state and local government finance.

- The Democratic staff of the Joint Economic Committee now has a resource page, where you can browse all of our fact sheets and reports: www.jec.senate.gov/resources

Selected JEC resources

- *Macroeconomic Dashboard*

- *U.S. Economy by the Numbers*

- *JEC Resources Page*

- *Retirement Insecurity*

- *Gun Violence in the United States: A Nation in a League of its Own*

For more information, visit www.jec.senate.gov/democrats or contact hope_sheils@jec.senate.gov

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