



# ECONOMIC UPDATE

## August 21, 2020

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### Quote of the week

“It’s one recovery for financial market investors and another recovery for everybody else.”

—[Joe Brusuelas](#), chief economist at RSM

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### What you need to know

- More than [1.4 million American workers filed new unemployment claims](#) last week. 892K workers filed for regular unemployment benefits and another 543K workers filed for Pandemic Unemployment Assistance (PUA). This is the 22<sup>nd</sup> consecutive week that the combined unemployment claims topped 1 million.
- [Unemployed Americans could see as little as a three week boost to their unemployment benefits](#) under the Trump administration’s proposal to replace the expired \$600 in weekly enhanced unemployment benefits with \$300 per week borrowed from the federal disaster relief fund.
- Around 30 industry groups including the [U.S. Chamber of Commerce indicated that many businesses are unlikely to implement the President’s payroll tax order](#), calling it “unworkable.”
- The [White House Office of Management and Budget implemented a new system](#) that gives political appointees at OMB authority to sign off on the apportionment of Congressional funds; for decades OMB career staffers rather than political appointees approved apportionments.
- According to data from the Department of Health and Human Services, about [only 10% to 15% of the \\$25 billion earmarked for increasing COVID-19 testing has been spent or committed](#), months after Congress made the funds available.

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### Happening the week of August 24, 2020

- *Tuesday*: The Conference Board releases the August [Consumer Confidence Index](#), Census releases July [New Residential Sales](#) and Case-Shiller releases the June home price index.
- *Wednesday*: Census releases the July advance report on [Manufacturers’ Shipments, Inventories and Orders](#).
- *Thursday*: The Department of Labor releases [initial jobless claims](#). BEA updates its estimate of [2nd quarter GDP](#). The National Association of Realtors releases the [Pending Home Sales Index](#).
- *Friday*: The BEA releases [Personal Consumption Expenditures Price Index](#), and the University of Michigan releases the final [consumer sentiment index](#) for August.

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## Good reads

- [“We Killed The Middle Class. Here’s How We Can Revive It.”](#) *The Atlantic*, 8/16/2020
- [“The Recession Is About To Slam Cities. Not Just The Blue-State Ones.”](#) *The New York Times*, 8/17/2020
- [“The Recession Is Over For The Rich, But The Working Class Is Far From Recovered,”](#) *The Washington Post*, 8/13/2020

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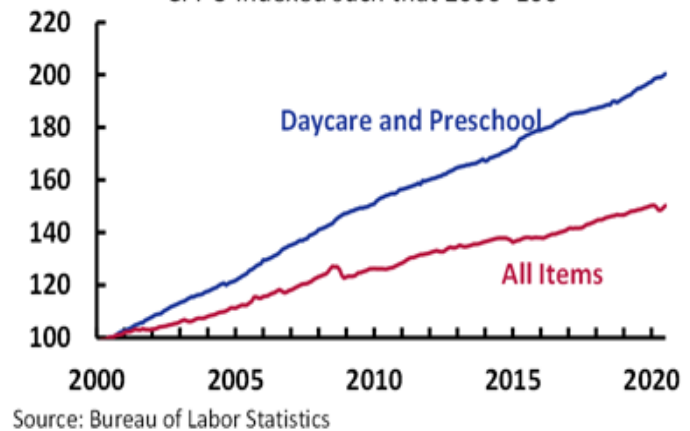
## Chart of the week:

Even before the coronavirus, child care prices reflected decades of increases in price compared to incomes and to the price of living. The Bureau of Labor Statistics reports that between 2000 and 2020, the cost of daycare and preschool rose twice as much as did the cost of all items.

As a result of the pandemic, child care providers are facing lower enrollment and increased costs. Many report that if they don’t get additional assistance they may go out of business. This could reduce the availability of child care and further increase prices in the future.

### Daycare and Preschool Prices Have Risen Faster than Other Essential Items

CPI-U Indexed such that 2000=100



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## New research and reports

- To help the U.S. economy, [the Brookings Institution considered the use of a \\$1,000 payment to incentivize sufficient numbers of Americans](#) to get vaccinated against COVID-19, in order to achieve herd immunity.
- A new report from the Economic Policy Institute showed that [top CEOs earned 320 times more than typical workers in 2019](#), as CEO compensation jumped by 14% from 2018.
- The Center on Budget and Policy Priorities updated its state budget projections which estimates [state budget shortfalls may reach almost 10% and over 20% respectively for the 2020 and 2021 fiscal years](#).

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## Selected JEC resources

- [Retirement Insecurity](#)
- [U.S. Economy by the Numbers](#)
- [The Impact of the Coronavirus Recession on Older Workers](#)
- [August Macroeconomic Dashboard](#)

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