



## ECONOMIC UPDATE

September 18, 2023

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### This Week in Focus

Building off of last week's bipartisan Senate AI Insight Forum, the JEC Dems released a [report](#) analyzing the ways AI could impact the U.S. workforce and economy, making the case for a safe and ethical structure for AI development. Additionally, to celebrate the beginning of Hispanic Heritage Month, the JEC Dems released a [brief](#) demonstrating how Hispanic communities are increasing their economic success and stability and supporting the overall U.S. economy while continuing to face systemic barriers to upward economic mobility.

This week, the JEC Dems are holding a [hearing](#) "Growing the Economy of the Future: Job Training for the Clean Energy Transition" and releasing a report by the same name. Both the hearing and report will explore clean energy workforce development progress and opportunities.

This Wednesday, the Federal Open Market Committee (FOMC) at the Federal Reserve will hold its next meeting where the consensus forecast expects it will hold interest rates steady. Ahead of the last meeting, JEC Chairman Heinrich has been vocal on [warning](#) Federal Reserve Chairman Jerome Powell about the risks of excessive monetary tightening in light of falling inflation and the expiration of pandemic support programs. The JEC explored the importance of the expiring child care supports in an [issue brief](#) published last Thursday.

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### JEC Resources

- [Maintaining American Leadership in Artificial Intelligence Through Public Investment and Workforce Development.](#)
- [Sustained Child Care Funding Is Critical to Support Families and the U.S. Economy.](#)
- [Hispanic Heritage Month: Celebrating Hispanic Success and Addressing Barriers to Opportunity.](#)
- [JEC Chairman Heinrich's statement on the August 2023 CPI Data.](#)

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### 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.*

- **Tuesday, September 19:** State employment – The JEC will release fact sheets on state employment on Tuesday afternoon (link to last month's sheets can be found [here](#)).
- **Tuesday, September 19:** Housing - The consensus forecast is that the number of **housing starts** in August is expected to have fallen to **1,437K** from July's **1,452K**.
- **Wednesday, September 20:** Interest rates – The consensus forecast is that the Federal Reserve is expected to **hold interest rates steady** at a target range of **5.25% to 5.5%**.
- **Thursday, September 21:** Jobless claims – The consensus forecast is for **weekly jobless claims** to rise to **224K** from last week's **220K**.

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## What You Need to Know

- The **United Auto Workers** [went on strike](#) Friday after contracts with General Motors, Ford, and Stellantis expired.
- Private investment in **solar panels, hydrogen power, and electric vehicles** [has soared](#) because of the Inflation Reduction Act.
- **Entrepreneurship** is [at a historic high](#), particularly for women and people of color.
- The restart of **student loan payments** has led to worries about the continued strength of [consumer spending](#).
- Rising **gas prices** drove a [slight uptick](#) in inflation in August.

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## What to Watch This Week

### Tuesday

- **Senate Intelligence (Select) Committee**, [Hearings to examine advancing intelligence in the era of Artificial Intelligence, focusing on addressing the national security implications of AI](#) at 2:30 pm (EDT).

### Wednesday

- **Joint Economic Committee**, [Hearings to examine growing the economy of the future, focusing on job training for the clean energy transition](#) at 2:15 pm (EDT).
- **Senate Banking, Housing, and Urban Affairs Committee**, [Hearings to examine artificial intelligence in financial services](#) at 10:00 am (EDT).
- **House Energy and Commerce Committee**: [Mapping America's Supply Chains: Solutions to Unleash Innovation, Boost Economic Resilience, and Beat China](#) at 10:30 am (EDT).
- **Senate Banking, Housing, and Urban Affairs Committee**, [Hearings to examine child care since the pandemic, focusing on macroeconomic impacts of public policy measures](#) at 2:00 pm (EDT).

### Thursday

- **House Energy and Commerce Committee**, [Connecting Every American: The Future of Rural Broadband Funding](#) at 9:00 am (EDT).

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## What to Read From the Think Tank World

- The [Council of Economic Advisers](#) (CEA) analyzed the August 2023 Consumer Price Index (CPI) data release.
- Several groups analyzed the release of data on income, poverty, and health insurance in 2022, including the [CEA](#), the [Economic Policy Institute](#) (EPI), the [Center on Budget and Policy Priorities](#) (CBPP), the [Center for American Progress](#) (CAP), the [National Women's Law Center](#) (NWLC), and the [Center for Economic and Policy Research](#) (CEPR).
- The [CEA](#) also examined the relationship between student chronic absenteeism and test scores, finding that chronic absenteeism accounted for 16-27% of the overall test score declines in math between 2019 and 2022 and 36-45% of declines in reading when controlling for changes in characteristics of the study body.
- The [Congressional Budget Office](#) (CBO) outlined how projected flood risk varies across communities with different economic and demographic characteristics.

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## 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.*

- [Generation Next: Experimentation with AI.](#)
- [Can Patience Account for Subnational Differences in Student Achievement? Regional Analysis with Facebook Interests.](#)
- [Estimating the Effects of Government Spending Through the Production Network.](#)
- [The Evolution of Work from Home.](#)
- [Zero-Sum Thinking and the Roots of U.S. Political Divides.](#)
- [Monetary Policy and Innovation.](#)