



## ECONOMIC UPDATE

July 24, 2023

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### This Week in Focus

This Wednesday, Fed policymakers are expected to increase rates by another quarter percentage point. Despite the substantial progress on inflation, challenges remain in home affordability as a result of home inventory still being below pre-pandemic levels, but housing inflation should continue to moderate for the rest of the year. Other economic indicators are signaling a resilient U.S. economy, and real Gross Domestic Product (GDP) is expected to have risen by a healthy 1.8% in the second quarter of 2023. The labor market remains strong, as unemployment rates for 50 states and the District of Columbia either decreased or were stable in June.

On Thursday, the Joint Economic Committee will hold a bipartisan hearing titled “The Economic Impact of Diabetes” to examine the individual and shared economic impact of diabetes and diabetes-related health complications. The hearing will explore the economic costs of diabetes, the upstream causes of the disease, the impact of the disease on Tribal communities, the role of health and nutrition programs in prevention and treatment, and the role of pharmaceutical interventions.

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### JEC Resources

- [State by State Fact Sheets: June Employment Data](#)
- [How the NDAA Can Reduce Climate Change Risks to The Military While Investing in Clean Energy](#)
- [JEC Chairman Heinrich On June 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.*

- **Wednesday, July 26: FOMC Meeting** - The consensus forecast is that the Fed will hike interest rates by **25 basis points**.
- **Thursday, July 27: Weekly Jobless Claims** - The level of initial claims is expected to increase to **235,000** from 228,000 for the week ending July 21.
- **Thursday, July 27: Advance GDP (Q2)**: The consensus is that real GDP rose by **1.8%** in Q2.

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### What You Need to Know

- **Inflation is cooling, but it cannot be completely attributed to Fed interest hikes.** Paul Krugman [explores](#) how the fading away of pandemic-era distortions is driving disinflation.
- **Retail sales rose 0.2% in June.** Retail sales [rose](#) in June for the third straight month, a sign of consumers' continued resilience amid easing inflation and a strong labor market.
- **Some workers are already being affected by A.I. technology.** The threat of A.I. [replacing](#) jobs is already being experienced at call centers nationwide.

- **Demand for homes around the country continues to outpace supply.** The resilient housing market [poses](#) problems for cooling down inflation.
- **Prime-age workers are flooding the labor market.** The share of people between 25 and 54 working or seeking jobs [rose](#) this year to its highest level since 2002.

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## What to Watch This Week

### Wednesday

- **Senate Budget Committee, [Beyond the Breaking Point: The Fiscal Consequences of Climate Change on Infrastructure](#)** at 9:40 am (EDT)
- **House Small Business, [Rural Entrepreneurship: Examining the Challenges and State of Rural Small Businesses](#)** at 10:00 am (EDT)
- **Senate Small Business and Entrepreneurship, [Pathways to Women’s Entrepreneurship: Understanding Opportunities and Barriers](#)** at 10:00 am (EDT)

### Thursday

- **Joint Economic Committee, [The Economic Impact of Diabetes](#)** at 10:00 am (EDT)
- **House Education and the Workforce, [Lowering Costs and Increasing Value For Students, Institutions, And Taxpayers](#)** at 10:15 am (EDT)

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## What to Read From the Think Tank World

- The [Council of Economic Advisors \(CEA\)](#) outlined ways to improve access, affordability, and quality in the early care and education (ECE) market.
- The [CEA](#) also released updated guidance for protecting competition in mergers.
- The [Washington Center for Equitable Growth](#) broke down the economic costs of gun violence in the United States.
- The [Urban Institute](#) captured employment and material hardship among adults with long COVID in December 2022, finding adults with long COVID were less likely to work and be in the labor force than adults who had COVID but did not report experiencing long COVID.
- The [Center for American Progress](#) highlighted how raising the minimum wage would be an investment in growing the middle class.
- The [Progressive Policy Institute](#) outlined how the United States can build the world’s most advanced energy economy.

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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*

- [Keep your Enemies Closer: Strategic Platform Adjustments during U.S. and French Elections](#)
- [Diversifying Society’s Leaders? The Causal Effects of Admission to Highly Selective Private Colleges](#)
- [More Unequal We Stand? Inequality Dynamics in the United States 1967–2021](#)