



## ECONOMIC UPDATE

January 16, 2024

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### This Week in Focus

While much of the economic focus last week was on CPI inflation, data on [producer prices](#) released last Thursday showed that input costs for businesses fell for the third straight month in December. This signals further progress in the fight against inflation and should push down prices for consumers in the coming months. It also signals that future readings on PCE inflation, which the Federal Reserve focuses on when making interest rate decisions, will likely continue to soften.

While there are no major data releases this week, we do get housing starts data on Thursday, which is directly relevant to the JEC's first [hearing](#) of the year tomorrow on Wednesday, January 17<sup>th</sup>. The hearing is titled "Rebuilding the American Dream: Policy Approaches to Increasing the Supply of Affordable Housing." This hearing comes on the heels of the JEC's most recent [report](#) on ways to address the affordable housing crisis, which was released last week. The hearing will be held in the Hart Senate Office Building, Room 216 at 2:30pm.

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### JEC Resources

- [Rebuilding the American Dream: Policy Approaches to Increasing Housing Supply in the U.S.](#)
- [JEC Chairman Heinrich's Statement on the December CPI Data.](#)
- [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.](#)

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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.*

#### Thursday, January 18

- **Jobless claims** - The consensus forecast is for weekly jobless claims to rise to **206K** from last week's **201K**.
- **Housing Starts** - Total housing starts in December are predicted to fall to **1,425k** from **1,560k**, while building permits increase to **1,475k** from **1,460k**.

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### What You Need to Know

- South Fork Wind, the first [offshore wind farm](#) to power U.S homes, was connected to the New York **energy grid** last December.
- A rise in **child labor law violations** in 2023 was **driven by the fast food industry**.

- **White-collar employers** are [continuing](#) to **cut jobs** after layoffs last year, though the overall layoff rate remains below pre-pandemic trends.
- The **one-year expected inflation** rate as measured by the New York Fed has **fallen** to 3.0%, displaying renewed consumer confidence in lower inflation.

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## What to Watch This Week

### Wednesday

- **Senate Budget Committee**, [The Great Tax Escape: Closing Corporate Loopholes that Reward Offshoring Jobs and Profits](#) at 10:00 am (EST).
- **House Oversight and Accountability Committee**, [Toward an AI-Ready Workforce](#) at 2:00 pm (EST).
- **Joint Economic Committee**, [Rebuilding the American Dream: Policy Approaches to Increasing the Supply of Affordable Housing](#) at 2:30 pm (EST).

### Thursday

- **House Financial Services Committee**, [Oversight of the SEC's Proposed Climate Disclosure Rule: A Future of Legal Hurdles](#) at 10:00 am (EST).
- **Senate Banking, Housing, and Urban Affairs Committee**, [Hearings to examine national security challenges, focusing on outpacing China in emerging technology](#) at 10:00 am (EST).

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## What to Read From the Think Tank World

- The Council of Economic Advisers (CEA) released reports analyzing the [December 2023 Consumer Price Index \(CPI\) report](#) and highlighting the [boom in business applications](#), finding nearly 16 million new business applications have been recorded since the start of the Biden-Harris administration.
- [The Center on Budget and Policy Priorities \(CBPP\)](#) analyzed the proposal to expand the Child Tax Credit, finding it would lift as many as 400,000 children above the poverty line.
- [The Tax Policy Center](#) highlighted the research demonstrating how expanding the Child Tax Credit can ease hardship for families with kids.
- [The Center for American Progress \(CAP\)](#) dug into trends in K-12 assessments, noting that states are increasingly aggregating multiple assessments from a school year into a single summative score, are implementing assessments where students can use a range of skills to demonstrate their knowledge, and are reframing the role of standardized testing in high school graduation requirements.
- [The Center for Economic and Policy Research \(CEPR\)](#) found student loan debt is common across all race and gender groups, especially for Black women.

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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.*

- [Intergenerational Mobility and Credit.](#)
- [Automation and Gender: Implications for Occupational Segregation and the Gender Skill Gap.](#)
- [What Works and For Whom? Effectiveness and Efficiency of School Capital Investments Across The U.S.](#)
- [Local Variation in Onsite Work during the Pandemic and its Aftermath.](#)