



ECONOMIC UPDATE

February 11, 2022

Economic Issue in Focus: January's CPI Numbers Show That Inflation Remains Elevated

Even amid strong wage gains, this morning's inflation data show how global price increases are straining household budgets and families are continuing to bear the burden of higher prices for household necessities. In January 2022, CPI inflation was 0.6%, indicating that monthly inflation remained steady since December, and was 7.5% for the last 12 months. Data show the pace of monthly inflation has decelerated since October but remains elevated as decades of public disinvestment in supply chains and American-made products, combined with pandemic-induced supply chain disruptions, have caused prices to rise for American consumers.

To keep up with rising costs, Social Security recipients began receiving a 5.9% increase in their monthly incomes starting in January, and after decades of stagnant wages, average hourly earnings for all private-sector workers are up 5.7% over the last year. This is the highest since May 2020.

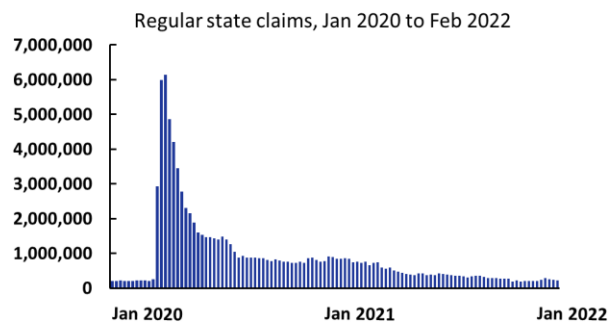
The pandemic created a global crisis that has caused inflation to rise around the world, and President Biden and Democrats in Congress are using every tool available to bring down costs for U.S. workers and families. President Biden has taken actions to clear backlogs at ports and ease supply chain backlogs. The President has also launched investigations into energy price gouging and opened strategic oil reserves to help bring down gas prices. Funding from the American Rescue Plan and the bipartisan Infrastructure Investment and Jobs Act is already being used to bolster U.S. supply chains in critical industries, remedying years of disinvestment and advancing long-term sustainability. And the America COMPETES Act and its Senate companion, the bipartisan U.S. Innovation and Competition Act will help bring high-quality manufacturing jobs back to the U.S. and insulate American consumers from global price volatility.

Even with supply chain issues and the Omicron variant, the U.S. continues to experience a broad-based recovery that has remained resilient in the face of recent challenges: GDP hit a four-decade high of 5.7% last year and a record 6.6 million new jobs have been created under President Biden. To fortify this economic progress, bolster household savings and reduce inflationary pressure long term, Congress must move forward with investments that ensure families can navigate work and care responsibilities, accelerate the transition to clean energy and lower out of pocket costs on big-ticket items like childcare and healthcare.

Key Economic Indicators to Track

- **Unemployment Insurance Claims:** The latest [data](#) released by the Department of Labor show that new unemployment claims dropped for the third week in a row, providing more evidence that Omicron's effects on the labor market are subsiding. Claims dropped to a 50-year low in December 2021 and remain near pre-pandemic levels: 223,000 initial claims were filed the week ending February 5. The four-week moving average (which smooths week-to-week volatility in the data) is now at 253,250, remaining down by 70% since President Biden took office.

Weekly Initial Unemployment Insurance Claims Declined for Third Consecutive Week, Are Down by 73% Since President Biden Took Office



- **Retail Sales:** The Census Bureau is scheduled to release January retail sales data on February 16. As the Omicron wave continues to subside, analysts expect there to be a strong rebound in retail sales, an indication that consumers are confident in the strength of the U.S. economy. Despite the surge in Omicron cases, retail sales are 19% above pre-pandemic levels and are up by 17% since December 2020.

JEC Spotlight: The U.S. Has Experienced Strong Manufacturing Growth Under President Biden, but Further Investment Is Needed to Continue to Support Domestic Manufacturing Jobs

A new JEC [fact sheet](#) highlights that the U.S. added 375,000 manufacturing jobs since President Biden's first full month in office in February 2021, and notably, almost every state saw gains. By comparison, the economy added just 2,000 manufacturing jobs in 2019.

In addition to manufacturing, key supply-chain sectors that are essential for domestic production and manufacturing have seen strong job gains recently and a robust recovery in 2021. Transportation and warehousing has fully recovered from the impact of the coronavirus pandemic, and there are now 542,000 more jobs in the sector than before the coronavirus recession. Construction has recovered 91% of the jobs lost during the pandemic.

Recent work by the JEC [showed](#) that the U.S. has experienced a decades-long decline in manufacturing jobs, which reduces economic opportunities for workers, especially those without a college degree. The [America COMPETES Act](#) will foster domestic innovation and invest in domestic manufacturing in the U.S.

Selected JEC Resources

- [The U.S. Economy Experienced a Record Rebound During President Biden's First Year in Office](#)
- [Inaction on Climate Change Will Have Devastating Consequences for the Economy, Families, and Communities](#)
- [Investments in Preschool Can Generate Nearly 9 Times the Return on Investment](#)

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