

ECONOMIC UPDATE

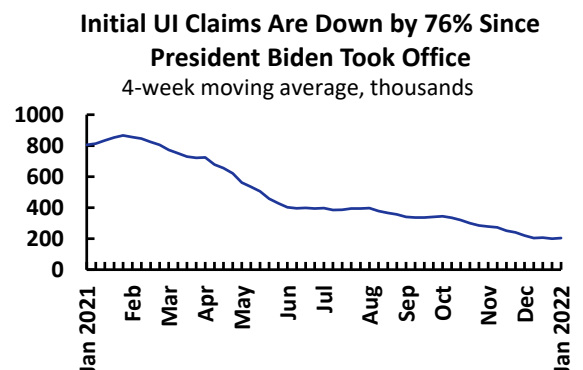
January 7, 2022

Economic Issue in Focus: The Unemployment Rate Reached a New Pandemic-Era Low as the Economic Recovery Continues

The latest [data](#) from the Bureau of Labor Statistics (BLS) show the unemployment rate dropped to 3.9%—a universe away from the nearly 15% it reached in 2020 and a new pandemic-era low. The unemployment rate was 7.1% for Black workers, 4.9% for Hispanic workers and 3.8% for Asian workers. Nonfarm payrolls increased by 199,000 in December, bringing the total number of jobs added since President Biden took office to 6.2 million. Overall, employment has returned to 84% of its pre-pandemic levels, with particularly strong gains in the industries that are integral to addressing supply chain challenges. Transportation and warehousing are now almost 220,000 jobs above pre-pandemic levels, including especially strong gains in trucking, which has now recovered over 98% of jobs lost during the pandemic. Since the peak of the pandemic, manufacturing has now recovered 84% of the jobs lost and construction has now recovered 92%.

Key Economic Indicators to Track

- Job Openings and Labor Turnover Summary:** [Data](#) released by the Bureau of Labor Statistics (BLS) show that the quits rate—the rate of employees voluntarily leaving their jobs—climbed to 3.0% in November, matching the series high set in September 2021. This shows workers remain confident enough to leave their jobs for better paying and higher-quality opportunities, which is an indication of a healthy labor market. The number of job openings decreased to 10.6 million and employers continue to lay off workers at a record low rate of 0.9%, which indicates employers are both continuing to hire and retaining existing employees, providing further evidence of a strong labor market.
- Unemployment Insurance Claims:** The latest [data](#) released by the Department of Labor show that after dropping to a 50-year low, new unemployment claims remain near pre-pandemic levels with 207,000 claims filed the week ending January 1. The four-week moving average, which smooths week-to-week volatility in the data, is now 204,500, below pre-pandemic levels and down 76% since President Biden took office.



Source: Department of Labor
Note: Data are seasonally adjusted.

- **Federal Reserve FOMC Meeting Minutes:** In [minutes](#) released this week from its December meeting, the Federal Reserve’s Federal Open Market Committee (FOMC) members discussed plans to speed up the tapering of the Fed’s emergency bond-buying in response to a more positive outlook for economic growth and the labor market as well as continuing inflation. The process is now set to end in March 2022. Members also expect to raise interest rates three times in 2022. Following the first increase, members forecast that the Fed could begin the process of balance sheet reduction, in which the Fed reduces the amount of bonds it holds, and that the process could occur more rapidly than it has in the past.

JEC Spotlight: Build Back Better Would Reduce Inflationary Pressure and Bring Down Costs for Families

The Build Back Better Act is responsive to the everyday needs of American households, brings down costs for families and reduces inflationary pressures. The JEC recently [released a list](#) of 11 ways the legislation achieves these goals, including:

- The Build Back Better Act is fully paid for, which actively reduces any risks of overheating the economy.
- The Build Back Better Act would improve productivity by investing in the U.S. workforce, infrastructure, research and innovation, which, taken together, grow the economy for the long term and reduce inflationary pressure.
- The Build Back Better Act would create savings and cut taxes by [\\$7,400](#) for an average couple with two children.
- The Build Back Better Act would reduce the cost of health insurance for millions of people.
- The Build Back Better Act would invest in addressing climate change, which would reduce the extreme weather events that affect global energy and food production.
- The Build Back Better Act would spread new investment over the next decade to address inflation in the long term, as the Federal Reserve takes action to combat it in the short term.

Selected JEC Resources

- [*The Build Back Better Act Will Create Jobs, Reduce Costs for Working Families, Spur Innovation in Clean Energy and Asks the Wealthy and Corporations to Pay Their Fair Share*](#)
- [*Estimates of Advance Child Tax Credit Distribution by Congressional District \(December 2021\)*](#)
- [*Inaction on Climate Change Will Have Devastating Consequences For the Economy, Families, and Communities*](#)
- [*Work Requirements for the CTC Would Increase Financial Hardship and Childhood Poverty, While Doing Nothing to Boost Employment*](#)

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