

ECONOMIC UPDATE

December 16, 2022

Economic Issue in Focus: Decline in Digital Asset Values Highlights the Economic Risks of Crypto and the Need for Further Regulation

A new JEC [report](#) details the rise and fall of the digital asset market in 2021 and 2022. The market value for all digital assets reached a record-high of [\\$3 trillion](#) in the fall of 2021 but since then has lost over [\\$2 trillion](#) in total value; a combination of rising interest rates and high-profile digital asset scandals have made these risky digital assets less appealing to investors. The broad contraction and the consistent string of hacks, scams, fraud and other criminal activity have cost everyday investors more than [\\$3 billion](#) in 2022, and the Federal Trade Commission reported that over 46,000 Americans lost a total of [\\$1 billion](#) in 2021. The most notable of these scandals happened when the [third-largest](#) exchange, FTX, declared bankruptcy after it fraudulently engaged in risky financial bets with customer deposits.

As digital assets have become more mainstream, smaller retail investors—many of whom who are less able to weather potential losses—have increasingly entered the crypto market. Recent [survey](#) data indicated that a majority of traders do not have a college degree and over one-third had annual household incomes of less than \$60,000. Given the continued risk to consumers posed by digital assets, it is vital that U.S. regulators ensure that digital assets are kept separate from the broader economy and investors are better informed about the ongoing risks. Regardless of the approach taken by the federal government, the last year of volatility in the cryptocurrency market makes clear that further action is needed to protect the U.S. economy and everyday investors.

Inflation Data Show Prices Easing for American Families

After slowing in October, Consumer Price Index (CPI) [data](#) showed inflation cooled again in November—another welcome sign for workers and families across the country. While it remains elevated, annual inflation fell to 7.1% and reflects the smallest 12-month increase since December 2021. Some of the largest declines have been in essentials like gas and medical care, which are alleviating price pressures for U.S. households. With decreases in airfare and hotels, more families will be able to visit loved ones this holiday season. Used car prices, which were consistently high earlier in the pandemic, have fallen for five consecutive months and were down 2.9% in November.

A range of indicators underscore our overall economic strength. Since President Biden came into office, the U.S. has created more than 10.5 million jobs, recovering more than all that were lost during the pandemic recession. The unemployment rate has fallen to nearly the lowest in 50 years, and third quarter GDP was up 2.9%—surpassing expectations.

Congress' historic investments in workers, families and small businesses paved the way for steady and stable growth. Democrats have helped create jobs, [lower](#) out-of-pocket health costs and [expand](#) access to affordable health insurance. From the American Rescue Plan to the Infrastructure Investment and Jobs Act, and from the CHIPS and Science Act to the Inflation Reduction Act, today's economic strength and resilience are a testament to those investments.

Key Economic Indicators to Track

- **The Federal Reserve Raised Interest Rates by 50 Basis Points This Week:** The Federal Reserve Open Market Committee met this week and raised interest rates by half a percentage point in an effort to control long-term inflation. This rate increase is slower than previous ones, as inflationary pressures have eased over the last two months.
 - **Filings for Initial Unemployment Insurance Claims Remain Near Record Lows:** The average number of Americans receiving unemployment insurance benefits in the last four weeks was 73% lower than when President Biden came into office. During the week ending December 10, unemployment claims [fell](#) significantly to 211,000—from 231,000— and remain near record lows.
 - **New Data Show That Almost All States Have Added Jobs:** Today, the Bureau of Labor Statistics released state-level employment data for the month of November. Data [showed](#) nonfarm payroll increased or remained stable in all 50 states and the District of Columbia.
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JEC Spotlight: New JEC Report Underscores the Essential Contributions of Immigrants to the American Economy

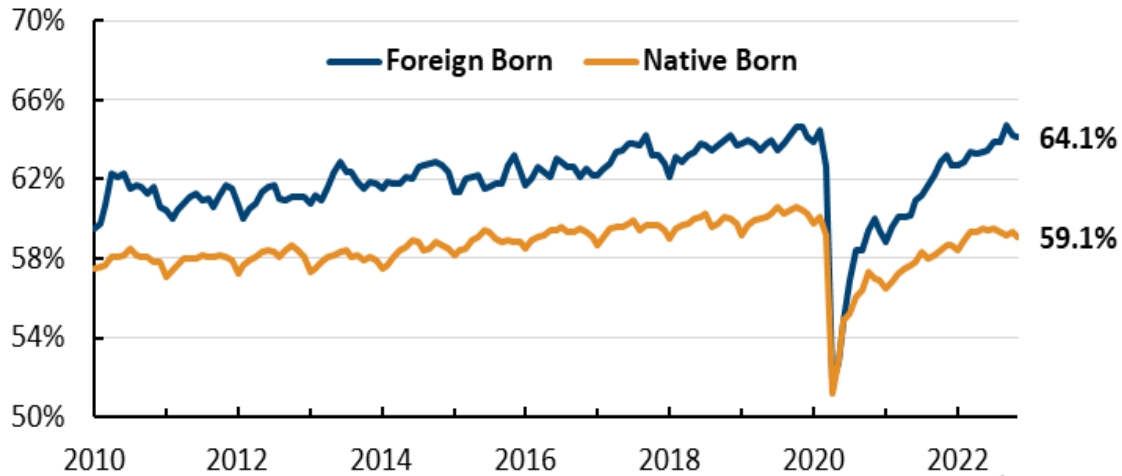
The JEC released a [new report](#) highlighting how immigration is essential to U.S. economic strength. Immigrants' ingenuity and contributions to the workforce—particularly in industries including science and technology, health care, and leisure and hospitality—drive economic growth and make the U.S. economy more resilient. In the face of an aging population, immigrants will also play a key role driving the growth of the economy and labor market for decades to come.

Among the new report's key takeaways:

- **Immigrants are consistently more likely than native-born workers to be actively engaged in the labor force, counteracting the slowing growth rate of the U.S. population.** For decades, the labor force participation rate of foreign-born workers has remained higher than that of native-born workers. Today, 64% of foreign-born workers are employed, compared to 59% of native-born workers.
- **Immigrant workers make the economy more resilient and innovative, but the U.S. is facing an immigration shortfall.** Overall, about 3 in 20 American workers are foreign-born, but immigrants are overrepresented in some of the fastest growing industries and among essential workers. For example, immigrants make up about 1 in 5 workers in education and health services, and in 2021, more than 40% of Fortune 500 companies were founded by an immigrant or the child of an immigrant.

Foreign-Born Americans Are More Likely To Be Actively Employed Than Native-Born Workers

Employment-to-population ratio for foreign- and native-born workers, 2010 to 2022



Source: Bureau of Labor Statistics
Note: Data are not seasonally adjusted.



Selected JEC Resources

- [*Gun Companies Are Making Millions At The Expense Of American Lives*](#)
- [*LGBTQ+ Americans Make Important Contributions to the Economy Despite Facing Unique Challenges*](#)
- [*Expanding Economic Security Programs During the Pandemic Led to a Historic Decline in Poverty*](#)
- [*The Expanded Child Tax Credit Dramatically Reduced Child Poverty in 2021*](#)
- [*District Data: Expanded Access To Health Insurance Keeps The Nation Healthy And Boosts Economic Security*](#)

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