



## ECONOMIC UPDATE

October 2, 2023

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### This Week in Focus

With a Republican-led government shutdown narrowly avoided over the weekend (for now), the United States averted a self-inflicted political and economic crisis. Congress must now fully fund the government in a bipartisan fashion—including [WIC](#) and other programs—by mid-November to avoid unleashing disastrous consequences on families across the country.

Easily lost during the shutdown news last week was that inflation as measured by the PCE index came in lower than expected, especially the [core index](#) that sets aside the volatile costs of food and energy. Going forward, consumers should expect gas prices to fall off of their late summer highs as the cost of refined petroleum products [declines](#). With the government still open, the Bureau of Labor Statistics will be able to release updated employment data this Friday. Forecasts suggest that the labor market remained strong in September, though monthly growth is now back in the normal range of job growth seen before the pandemic.

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### JEC Resources

- [A Republican Shutdown Threatens WIC Nutrition Benefits in Every State and Congressional District.](#)
- [Growing the Economy of the Future: Job Training for the Clean Energy Transition.](#)
- [Sustained Child Care Funding Is Critical to Support Families and the U.S. Economy.](#)
- [Hispanic Heritage Month: Celebrating Hispanic Success and Addressing Barriers to Opportunity.](#)

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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.*

- **Tuesday, October 3:** Job openings and labor turnover – The consensus forecast is that the number of **job openings** rose from **6,827K** to **6,830K** in August.
- **Thursday, October 5:** Jobless claims – The consensus forecast is for **weekly jobless claims** to rise to **210K** from last week's **204K**.
- **Friday, October 6:** Employment – The consensus forecast is that **non-farm payrolls rose 168K**, **unemployment fell to 3.7%**, and **average hourly earnings rose 0.3%** in August.

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### What You Need to Know

- The **UAW strike** [expanded](#) as negotiations continue to stall.
- New research from the Fed and the Brookings Institution found that the **pandemic coincided** with a [surge in entrepreneurship](#).
- Consumer **spending** [remains high](#), continuing to defy expectations.
- The [spread](#) between the price of oil and the price of refined petroleum products **dropped** last week, which signals that gasoline prices will fall off of recent highs.

- **Core inflation** as [measured by the PCE](#) continues to fall, as the Federal Reserve's preferred inflation gauge continues to decelerate.

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## What to Watch This Week

### Wednesday

- **Senate Foreign Relations Committee**, [Hearings to examine the BUILD Act reauthorization and Development Finance Corporation oversight](#) at 10:00 am (EDT).
- **Senate Commerce, Science, and Transportation Committee**, [Hearings to examine CHIPS and science implementation and oversight](#) at 2:00 pm (EDT).

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## What to Read From the Think Tank World

- The Council of Economic Advisers (CEA) released resources on the [difference](#) between the PCE and CPI, an [update](#) on non-housing services inflation, and [remarks](#) from Chair Jared Bernstein at the Economic Policy Institute (EPI).
- [The Congressional Budget Office \(CBO\)](#) released baseline projections of the federal costs associated with each kind of health insurance subsidy and of the number of people with health insurance coverage through different sources.
- [EPI and the Center for Economic and Policy Research \(CEPR\)](#) analyzed trends in teacher wages and compensation through 2022.
- In advance of Latina Equal Pay Day on October 5, the [National Women's Law Center \(NWLC\)](#) highlighted how Latinas stand to lose more than \$1.2 million over a 40-year career due to the wage gap. Additionally, the [Institute for Women's Policy Research \(IWPR\)](#) found Latinas will not reach pay equity with white men until 2207 if current trends persist.
- [Pew Research Center](#) studied how Americans see the state of gender and leadership in business.

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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.*

- [The Long-Term Effects of Income for At-Risk Infants: Evidence from Supplemental Security Income.](#)
- [Effects of Universal and Unconditional Cash Transfers on Child Abuse and Neglect.](#)
- [Industrial Policy and the Great Divergence.](#)
- [Forest Fires: Why the Large Year-to-Year Variation in Forests Burned?](#)