



ECONOMIC UPDATE

December 16, 2024

This Week in Focus

This Wednesday the JEC will be hosting a [hearing](#), “**Trade Wars & Higher Costs: The Case Against Trump’s Tariffs**,” in Room 210 of the Cannon House Office Building at 2:30 p.m. EST. Join us as witnesses from the Progressive Policy Institute, Center for American Progress and the Tax Foundation make the case for how Trump’s proposed tariffs will be harmful for consumers and the U.S. economy.

In recent days, the JEC released new reports on the threats [climate risks](#) present for the U.S. insurance and housing markets, the harmful economic effects of [mass deportations](#) (found also in Spanish [here](#)), the importance of the inclusion of [U.S. territories](#) in federal data collection, and protecting infrastructure funding for [Native communities](#). Also last week, the JEC Dems analyzed inflation data for November, finding the Consumer Price Index (CPI) increased by 0.3% in November after increasing by 0.2% in each of the previous four months.

Programming note: this will be the final JEC Economic Update of 2024 and the 118th Congress. In the meantime, be sure to catch up on our latest reports on our publications page [here](#). We’ll see you all in the new year.

JEC Resources

- [Climate Risks Present a Significant Threat to the U.S. Insurance and Housing Markets](#)
- [Mass Deportations Would Deliver a Catastrophic Blow to the U.S. Economy](#)
 - (ES): [Las Deportaciones Masivas Darían Un Golpe Catastrófico A La Economía Estadounidense](#)
- [The Exclusion of U.S. Territories in Federal Data Leaves Policymakers With an Incomplete Picture](#)
- [Progress Made in Infrastructure Funding for Native Communities is at Risk Under a Trump Presidency](#)
- [Safety Net Programs Dramatically Reduce Child Poverty in New Mexico](#)

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, December 17th:

- **Retail Sales:** Forecasts predict a **0.6%** increase in total sales, a **0.5%** increase in sales minus automobiles, and a **0.4%** increase in control sales.
- **Industrial Production:** Manufacturing output in November is expected to have increased by **0.4%**, while industrial production is expected to have increased by **0.2%**.
- **Business Inventories:** Business inventories are predicted to have increased by **0.2%** in October.

Wednesday, December 18th:

- **Housing Starts:** Housing starts are forecasted to increase to **1,345k** from **1,311k**, while building permits are anticipating an increase to **1,430k** from **1,416k**.
- **FOMC Meeting:** Predictions anticipate that the Fed will cut interest rates by **25 basis points**.

Thursday, December 19th:

- **Jobless Claims:** Forecasts anticipate jobless claims last week fell to **229k** last from **242k** the week prior.
- **Q3 GDP (Third Estimate):** The final estimate for Q3 GDP growth is expected to remain the same at **2.8%**.

Friday, December 20th:

- **Personal Income Expenditures (PCE):** The PCE index is expected to increase by **0.2%** in November, while personal income and spending are expected to increase by **0.4%** and **0.5%**, respectively. The annualized PCE index is expected to increase to **2.6%**.
- **Consumer Sentiment:** The University of Michigan's Consumer Sentiment Survey index is expected to slightly increase to **74.1** from **74.0**.

What You Need to Know

- **National security concerns** from the **Biden administration** are leading to [conflicts](#) with **American chipmakers** who are **resisting pressure to stop selling chips** and other technology to **China**.
- **Outdated technology** and **insufficient funding** helped contribute to some improper [data](#) releases from the **Bureau of Labor Statistics** earlier this year.
- **Major retailers** are starting to **express concerns** about the spending [power](#) of **lower-income consumers** going into next year.
- **American consumers** and **businesses** are starting to [stockpile](#) goods ahead of the **tariffs** expected from the **incoming Trump administration**.
- **Trump's team** is **brushing off** concerns from **business** [leaders](#) about the potential **economic impacts** of the **tariffs**.

What to Watch This Week

Tuesday, December 17th

- **Senate Judiciary Committee**, [Hearings to examine a bipartisan path forward for antitrust enforcement and reform](#) at 2:30 pm (EST).

Wednesday, December 18th

- **Senate Budget Committee**, [Hearings to examine the climate-driven insurance crisis](#) at 10:00 am (EST).
- **Senate Judiciary Committee**, [Hearings to examine the RESTORE Patent Rights Act, focusing on restoring America's status as the global IP leader](#) at 2:00 pm (EST).
- **Joint Economic Committee**, [Hearings to examine trade wars and tariffs](#) at 2:30 pm (EST).

What to Read From the Think Tank World

- [The Council of Economic Advisers \(CEA\)](#) highlighted challenges associated with measuring CPI housing inflation and estimated that prices in the next six months will track closely with pre-pandemic prices. The [CEA](#) also benchmarked the economy before the Trump administration takes over, that the Biden-Harris administration is handing off and economy featuring impressive growth, productivity, entrepreneurship, investment, labor market strength, international trade, health insurance coverage, marketplace enrollment, and climate investments.
- [The Economic Policy Institute \(EPI\)](#) found wage inequality fell in 2023 amid the strong labor market.

- [The National Women’s Law Center \(NWLC\)](#) analyzed poverty data for women and families, finding elevated rates for disabled women, Black women, Latinas, Indigenous women, those born outside of the United States, and families with children headed by a single woman.
- [The Tax Policy Center](#) estimated 17 million children in low-income families will not receive the full Child Tax Credit in 2025 because their parents earn too little.

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-run Effects of Transportation Productivity on the US Economy](#)
- [Financial Inclusion Across the United States](#)
- [Political Power and Market Power](#)
- [The Effect of Medicaid on Crime: Evidence from the Oregon Health Insurance Experiment](#)