



ECONOMIC UPDATE

February 14, 2020

Quote of the week

“It isn’t better or more comfortable to be poor or on public benefits now. It’s actually worse than it was.”

—[Federal-Reserve Chair Jerome Powell](#)

What you need to know

- OMB released the [President’s Budget for FY 2021](#), which proposes cuts to most federal programs, including Social Security and Medicaid. The President’s Budget also [assumes significantly faster GDP growth](#) (3.1%)—at least half a percentage point higher than predictions from the Federal Reserve or CBO.
 - Federal Reserve Chair Jerome Powell’s testimony before both the [House](#) and [Senate](#) this week [highlighted ongoing labor market disparities and “subpar” labor productivity gains](#). “Finding ways to boost labor force participation and productivity growth would benefit Americans and should remain a national priority,” said Powell. He also highlighted the fact that current low interest rates, while consistent with the Fed’s objectives, might limit the Fed’s ability to respond in an economic downturn.
 - The Joint Committee on Taxation found that U.S. corporations deferred income and accelerated deductions to maximize the benefits of the 2017 tax law, [a move that created a large temporary drop in federal corporate-tax revenue](#) in 2018.
 - The FTC ordered Amazon, Apple, Facebook, Microsoft and Google owner, Alphabet, to share information about their acquisitions of startups over the past 10 years [because of criticism that consolidation limits competition](#).
 - Consumer sentiment rose to 100.9 in early February, [exceeding expectations and nearly matching the expansion peak of 101.4](#) in March 2018.
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Happening the week of February 17, 2020

- *Wednesday*: BLS releases the January [Producer Price Index](#). Census releases data on new [residential construction](#). The Fed releases the [minutes](#) from its January meeting.
- *Thursday*: The Conference Board releases its [Leading Economic Index](#) for January.
- *Friday*: The National Association of Realtors releases January [Existing-Home Sales](#).

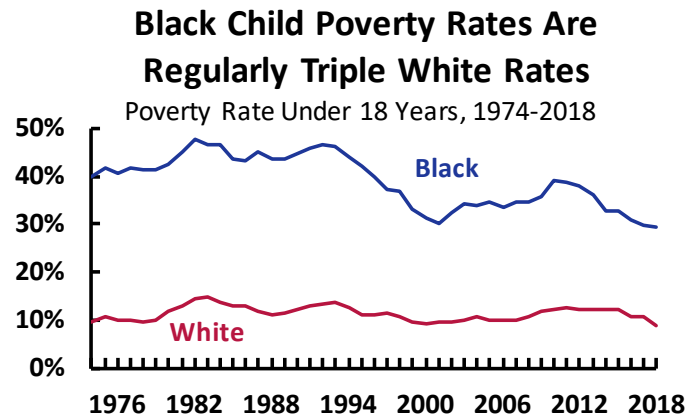
Good reads

- [“Yes, Trump’s Latest Fed Pick Is That Bad. Here’s Why.”](#) *The Washington Post* 2/10/2020
- [“Young Men Embrace Gender Equality, but They Still Don’t Vacuum,”](#) *The New York Times*, 2/11/2020
- [“Why Cheap Solar Could Save the World,”](#) *NPR’s Planet Money*, 2/11/2020

Chart of the week

Nearly [one in five](#) American children live in an impoverished household. Black Americans face particularly high rates of child poverty in America, with under-18 poverty rates close to or exceeding 30 percent dating back to 1974, and regularly tripling rates for White children.

Poverty has well-documented negative effects on children’s educational outcomes and limits young adults’ ability to pursue postsecondary education. Those born to families at or below the poverty line are more than twice as likely to be in poor health as adults as those born into families with income more than twice the poverty line.



Source: U.S. Census Bureau, Historical Poverty Tables: Table 3. "Poverty Status of People by Age, Race, and Hispanic Origin." Note: "Black" refers to Black Alone (2002-2018)/Black (1974-2001). "White" refers to White Alone, Not Hispanic (2002-2018)/White, Not Hispanic (1974-2001).

New research and reports

- In recognition of Black History Month, the Joint Economic Committee published a report titled [The Economic State of Black America in 2020](#), finding vast disparities in social and economic well-being.
- [More than 1.5 million public school students reported being homeless in the last three years, the highest number reported in over 12 years](#), according to a report from the National Center for Homeless Education.
- The Federal Reserve released its semiannual [Monetary Policy Report](#).

Selected JEC resources

- [Key Points About the Economy](#)
- [February 2020 Macroeconomic Dashboard](#)
- [The Economic Benefits of Birth Control and Access to Family Planning](#)
- [U.S. Economy by the Numbers](#)

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