



ECONOMIC UPDATE

February 3, 2023

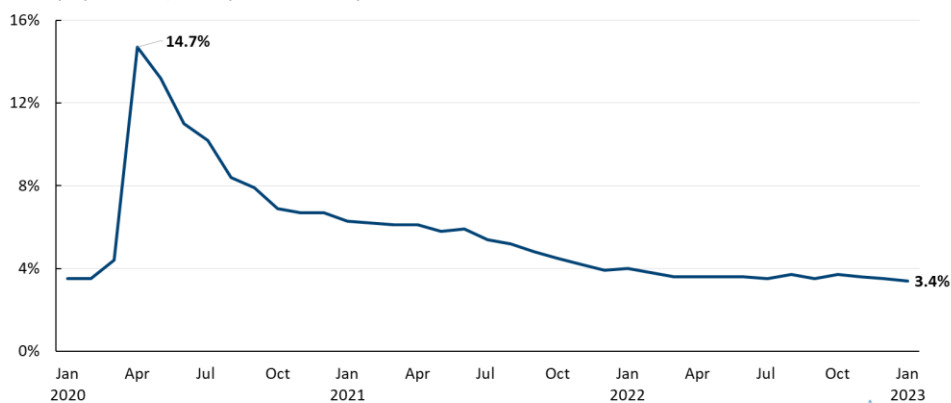
Economic Issue in Focus: The U.S. Added 517,000 Jobs in January and Unemployment Dropped to 3.4%, a Low Not Seen Since 1969

New economic data showed the continued strength of the jobs market as the U.S. added 517,000 jobs in January, according to figures from the Bureau of Labor Statistics (BLS). At the same time, the unemployment rate fell to 3.4%, the lowest rate since May 1969. The unemployment rate was 5.4% for Black workers, 4.5% for Hispanic workers, 2.8% for Asian workers, and 5.7% (not seasonally adjusted) for American Indian and Alaska Native workers.

Investments in American workers and families made during the previous Congress are already paying off. The data also show that the U.S. added a total of 4.8 million jobs in 2022, 311,000 more than were previously estimated. Under President Biden, the United States has added a historic 12.1 million jobs, experiencing 24 straight months of job gains.

Unemployment Has Reached a New 50-Year Low

Unemployment rate, January 2020 to January 2023



Source: Bureau of Labor Statistics
Note: Data reflect the civilian unemployment rate, ages 16+, seasonally adjusted.



Key Economic Indicators to Track

- **The U.S. Economy Grew 2.1% in 2022:** The Bureau of Economic Analysis (BEA) [reported](#) that real gross domestic product (GDP) increased 2.1% for the year 2022, following an increase of 5.9% in 2021. The BEA also released its initial estimate for GDP in the fourth quarter of 2022, which showed an increase of 2.9% at an annual rate.
- **Inflation Decreased in December 2022, Driven by Falling Gas Prices:** The Consumer Price Index (CPI) for December [decreased](#) by 0.1%, after rising by 0.1% in November.

Falling gas prices at the pump brought down inflation, providing another hopeful sign for households that price pressures are continuing to ease.

- **The Federal Reserve Raised Interest Rates by 0.25% This Week:** The Federal Reserve Open Market Committee met this week and [raised](#) interest rates by a quarter of a percentage point, the smallest increase since March 2022. Based on the position taken by most Fed officials in December, a few more increases are expected. But this marks a slowdown in the pace of its rate increases, as inflation has continued to ease over the past few months.

JEC Spotlight: Defaulting on the National Debt Would Cause Economic Catastrophe and Imperil Millions of Jobs

Lifting the debt limit is necessary for the U.S. government to keep its word to America's 18 million veterans and over 65 million people on Social Security. The [debt limit](#) is the total amount of money the federal government is allowed to borrow to pay its bills. Congress makes commitments to pay for programs like Social Security, Medicare, Medicaid, veterans' benefits and the military, which together make up the vast majority of federal spending. The government collects tax revenue to pay for these programs and must borrow money if there is a shortfall. If Congress does not lift the debt limit, the government will not have enough money to pay its bills, potentially disrupting benefits for America's 18 million veterans and the over 65 million people on Social Security.

Defaulting on federal debt would cause an economic catastrophe. Moody's Analytics chief economist Mark Zandi [predicts](#) that a default on U.S. debt obligations would trigger a global market panic on the scale of the 2008 financial crisis, which could result in a loss of nearly 6 million jobs, an unemployment rate of over 7%, the elimination of \$12 trillion in household wealth and a decline in real GDP of almost 4%. In addition, defaulting on the national debt could severely undermine confidence in Treasury bonds and permanently weaken the position of the U.S. dollar in the global financial system, pushing up interest rates.

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