



## ECONOMIC UPDATE

### February 28, 2020

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#### Quote of the week

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

—[Federal Reserve Chair Jerome Powell](#)

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#### What you need to know

- The spread of the coronavirus is posing a growing threat to the global economy. The spreading disease—[now in at least 53 countries](#)—and the downstream “supply shock” impacts of the halted Chinese economy hit the stock market this week, resulting in the worst sell off since the financial crisis.
- The CDC has warned that the disease [may cause disruption to American lives](#). Dr. Anthony Fauci of the NIH said this week that a vaccine would not be available for at least a year to a year and a half.
- The Bureau of Economic Analysis [confirmed its preliminary estimate that the economy expanded at a 2.1 percent pace](#) in the fourth quarter of 2019. Business investment fell more than previously reported (2.3 percent, rather than the previously reported 1.5 percent), making it the longest stretch of decreasing business investment since 2009.
- [New home sales rose 7.9 percent](#) in January—the fastest pace of new home sales since 2007. Sales increased in the Midwest, the West and the Northeast, but dropped in the South.

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#### Happening the week of March 2, 2020

- *Monday*: ISM releases its February [manufacturing index](#) and the Census Bureau releases [Monthly Construction Spending](#) for January.
- *Wednesday*: The Federal Reserve releases its “[Beige Book](#)” report on the economy. ADP releases its [employment report](#), generally seen as a ‘sneak peek’ at the Jobs Day numbers. ISM releases its February [nonmanufacturing index](#).
- *Thursday*: The BLS revises its fourth quarter estimates for [labor productivity and costs](#).
- *Friday*: Jobs Day. The BLS releases the February [unemployment rate](#), new jobs numbers and average hourly earnings. The Census Bureau releases its [Wholesale Trade Report](#). The BLS releases [import and export price indexes](#) and the Fed releases January [consumer credit](#).

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## Good reads

- [“The Coronavirus is Tanking the Stock Market. Here’s What Not to Do.”](#) *The Washington Post* 2/25/2020
- [“Never Mind the Internet. Here’s What’s Killing Malls.”](#) *The New York Times*, 2/13/2020
- [“Nearly 6 Decades After the Civil Rights Act, Why Do Black Workers Still Have to Hustle to Get Ahead?”](#) *Time* 2/20/2020

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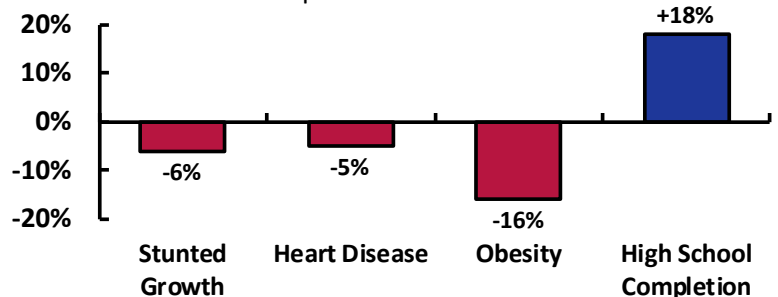
## Chart of the week

SNAP reduces food insecurity for families and has both short-term effects on the health and economic stability of children and long-term effects as they grow into adults. A 2016 study showed that children who gained access to SNAP benefits either in utero or in early childhood were healthier as adults. Women who had access as children achieved greater economic self-sufficiency later in life.

Safety-net programs like SNAP also play an important macroeconomic function, promoting consumer spending, supporting businesses, helping to create jobs and cushioning the economy during recessions.

### Children Whose Families Receive SNAP Have Better Health and Educational Outcomes in Adulthood

Change in Outcomes for Adults with Access to SNAP as Children Compared to Those Without Access



Source: Hoynes, Schanzenbach, and Almond, "Long-Run Impacts of Childhood Access to the Safety Net," *American Economic Review*, April 2016.

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## New research and reports

- Researchers at the Federal Reserve find that current [unemployment is particularly low because workers are entering the workforce at unusually low rates](#)—not because people are finding jobs at higher rates.
- The Brookings Institution published a [report describing how businesses in Black communities are devalued](#). For example, “[h]ighly rated businesses located in Black neighborhoods earn less revenue than businesses with similar quality ratings outside of Black neighborhoods.”
- A new study finds that state-level [anti-bullying laws reduce depression, bullying victimization and suicidal ideation in teens](#)—especially for females and LGBTQ teens. These laws are associated with 13 to 16 percent reductions in high-school age female suicide rates.

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## Selected JEC resources

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

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