

## ECONOMIC UPDATE

June 3, 2022

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### Economic Issue in Focus: The U.S. Added 390,000 Jobs in May as the Strong Economic Rebound Continues

The United States added 390,000 jobs in May, the sixteenth consecutive month of job growth under President Biden, according to the latest [data](#) from the Bureau of Labor Statistics. Under President Biden, the U.S. economy has now added nearly 8.7 million jobs, regaining more than 96% of jobs lost during the pandemic and recovering faster than in the two most recent recessions.

U.S. workers and families continue to see the benefits of a healthy labor market as wage growth remains strong, particularly among the lowest earners, and job gains persist in industries across the U.S. economy. Unemployment remains at 3.6%, the lowest since before the pandemic.

As funding from the Infrastructure Act goes out the door, sectors essential to fixing supply-chain backlogs—such as manufacturing, construction and transportation and warehousing—are seeing particularly strong gains. Many are now employing more workers than before the pandemic.

Despite strong economic growth, job gains and wage growth, high prices are making it difficult for families to cover everyday expenses. The White House and Democrats in Congress have [deployed a range of tools](#)—and are continuing to fight for more—to bring down out-of-pocket costs for households, reduce inflationary pressure for the long term and keep the United States on the path to a sustainable recovery and broadly shared growth.

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### Key Economic Indicators To Track

- **PCE Inflation Slowed in April:** Bureau of Economic Analysis [data](#) released last Friday showed that, while inflation remains elevated, the personal consumption expenditures (PCE) price index—the Fed’s preferred measure of inflation—saw its smallest monthly gain since November 2020, increasing by 0.2% in April compared to 0.9% the previous month. Additionally, annualized inflation fell by 0.3 percentage points to 6.3%, down from 6.6% in March.
- **Quits Rate Remains Near All-Time High as the Strong Labor Market Continues:** [Data](#) released by the Bureau of Labor Statistics show that labor market strength continues. In April, the quits rate—the rate of employees voluntarily leaving their jobs—remained stable at 2.9%, close to the all-time high of 3.0%. This indicates that Americans are confident enough to leave their jobs for higher-quality or higher-paying employment elsewhere. Job openings continue to outnumber job seekers, with 11.4 million job openings in April.

- **CBO Projections Show Continued Economic Improvement:** Last week, the Congressional Budget Office (CBO) [released](#) its Budget and Economic Outlook for 2022 to 2032. Based on current conditions, CBO projects that real GDP will grow by 3.1% in 2022, with continued but slower growth in the years following. Inflationary pressures are also expected to begin to subside throughout the year, continuing to ease after 2022. CBO projects that the federal deficit will shrink to \$1 trillion in 2022 as strong economic growth continues and revenues rise. However, as growth slows in the next few years, the deficit is projected to increase, with shortfalls averaging \$1.6 trillion per year over the next decade.

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## **JEC Spotlight: Strong Wage Growth Has Brought Economic Benefits, But Continued Work Is Needed for Long-Term Improvement**

The Joint Economic Committee hosted a virtual briefing this week, “What’s Up with Wages?” with [Nick Bunker](#) of the Indeed Hiring Lab and [Dr. Valerie Wilson](#) of the Economic Policy Institute, to discuss the impact of the pandemic on workers’ wages. Like the JEC’s recent [issue brief](#), “Congress and the Biden Administration Are Putting Policies in Place to Continue the Strong Wage Gains Workers Experienced in 2021,” the briefing examined what the strong demand for workers means for workers’ bargaining power and future wage growth.

Recent wage growth, which in 2021 achieved the fastest pace of growth in nearly four decades, has been strong, particularly for job switchers and lower-wage workers. However, these gains, which follow decades of stagnant growth, have been muted by inflation. To help ensure further wage growth, the panel discussed the need for structural changes in the labor market to give workers greater power, such as stronger enforcement of anti-discrimination laws and support for labor organizing. These policies would help turn short-term wage gains into long-term improvements.

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## **Selected JEC Resources**

- [\*Democrats Are Working to Fight Inflation, Lower Costs and Address Supply Shortages\*](#)
- [\*Oil Companies Are Enjoying Market Influence and Record Profits, While U.S. Families Foot the Bill for High Gas and Energy Prices\*](#)
- [\*The Economic State of Asian Americans, Native Hawaiians and Pacific Islanders in the United States\*](#)
- [\*State-by-State Fact Sheets: April Employment Data\*](#)
- [\*Native American Communities Continue to Face Barriers to Opportunity that Stifle Economic Mobility\*](#)
- [\*Congress and the Biden Administration Are Putting Policies in Place to Continue the Strong Wage Gains Workers Experienced in 2021\*](#)

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