



JOINT ECONOMIC COMMITTEE

CHAIRMAN ERIK PAULSEN (R-MN)

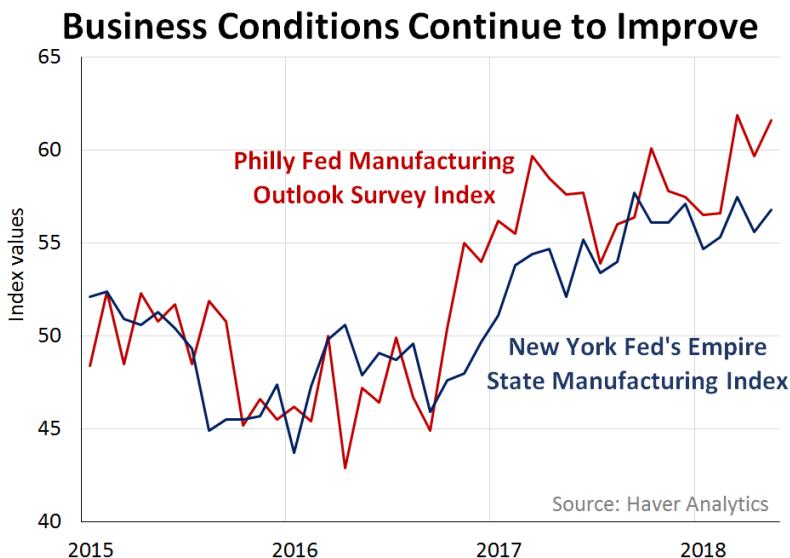


WEEKLY ECONOMIC UPDATE

May 21 – May 25

CHART OF THE WEEK

More Good Economic News Released Last Week...



The Fed’s industrial production index, which measures the U.S. production of tangible goods, such as cars, electronics, medical equipment, etc.—registered [“unequivocal strength”](#) last month. For this month, the New York and Philly Federal Reserve banks’ manufacturing survey data from those banks’ districts (leading indicators for the industrial production index) showed greater strength than expected. The New York Fed survey [indicated](#) that “new orders have been very strong” and that “employment continues to grow,” while the new orders component of the Philadelphia Fed’s Manufacturing Business Outlook Index registered a [45-year high](#).

UPCOMING JEC HEARING

Breaking through the Regulatory Barrier: What Red Tape Means for the Innovation Economy
Tuesday, May 22, 2018, at 2:30 p.m., in room 1100 of the Longworth House Office Building ([hearing details](#))

CHAIRMAN’S UPDATE

How tax reform brings opportunity to poor neighborhoods

Chairman Paulsen’s [op-ed](#) echoed the findings of [JEC’s hearing](#) last week on Opportunity Zones:

“As a component of the Tax Cuts and Jobs Act, Opportunity Zones are intended to incentivize long-term private investment into low-income areas, based on the Census. This approach allows state governors, and not Washington central planners, to select 25 percent of the state’s low-income census tracts as Opportunity Zones...[These] have the potential to bring long-term capital investments into struggling communities, which

will hopefully lead to sustained economic growth. However, they will have a much better chance of succeeding if they are accompanied by market-friendly taxation and regulation, as well as better schooling and training policies. Federal tax reform and deregulation will help; but, to maximize Opportunity Zone benefits, state and local governments should facilitate further market-friendly reforms.”

LAST WEEK

News & Commentary

[Economy Starts Second Quarter on Solid Footing](#) (Economics21)

[Leading indicators up for sixth straight month](#) (CNBC)

[Tucked Into the Tax Bill, a Plan to Help Distressed America](#) (New York Times)

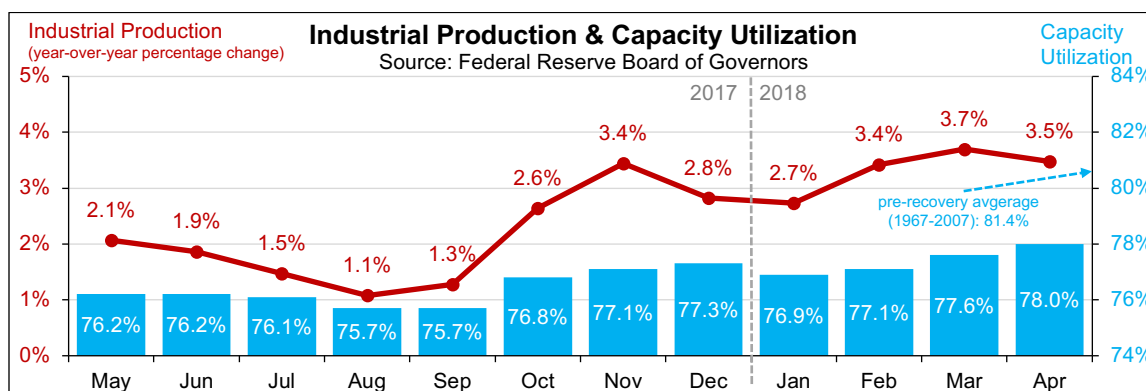
[Federal Qualified Opportunity Zones](#) (National Law Review)

Economic Indicator Highlights

Industrial Production Exceeds Expectations

The Fed’s industrial production index covers nearly everything tangible produced in the United States: In April, main drivers of growth in manufacturing came from business equipment production, pointing to another strong quarter for business investment. The U.S. economy still has room to grow as capacity utilization remains below its pre-recession average.

Category	Mar	Feb	Jan
Industrial production (year-over-year percentage change)	3.5%	3.7%	3.4%
Capacity utilization (percent of capacity in active use)	78.0%	77.6%	77.1%



Source: [Industrial Production and Capacity Utilization](#) (April 2018)

THIS WEEK

Upcoming Economic Data

Monday

[Chicago Fed National Activity Index](#) (8:30am)

Tuesday

[Richmond Fed Manufacturing Index](#) (10:00am)

Wednesday

[PMI Composite Flash](#) (9:45am)

[New Home Sales](#) (10:00am)

[Federal Reserve FOMC Meeting Minutes](#) (2:00pm)

Thursday

[Jobless Claims](#) (8:30am)

[Existing Home Sales](#) (10:00am)

[Kansas City Fed Manufacturing Index](#) (11:00am)

[Federal Reserve Balance Sheet](#) (4:30pm)

[Money Supply](#) (4:30pm)

Friday

[Manufacturers' Shipments, Inventories, & Orders \(Advance\)](#) (8:30am)

[Consumer Sentiment](#) (10:00am)