Economic highlights from the week ending on November 12, 2021

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President Biden is expected to sign the Infrastructure Investment and Jobs Act on Monday, a $1 trillion package (including about $550 billion in newly authorized spending) to be allocated toward public infrastructure improvements including roads, bridges, public transit, rail, ports, water, and broadband. Unlike the pandemic-related relief packages that were passed last year and earlier this year, which swiftly injected fiscal spending dollars into the economy, the infrastructure spending plan aims to deploy investments gradually over the course of the next five years. Meanwhile, Congress is still negotiating the Biden Administration's Build Back Better Act, which could potentially add an estimated $1.75 trillion in social safety and climate-related spending (downsized from the original proposal of about $3.5 trillion) in areas including caregiving, clean energy, healthcare, and housing. In our view, tailwinds from robust fiscal and monetary policy over the past two years, improvements in public infrastructure and continued fiscal spending, along with an improving health situation, bodes well for next year's economic growth outlook, even as the Federal Reserve begins to shift toward a more normalized monetary policy stance.

Producer and consumer pricing pressures remain elevated. The Producer Price Index (PPI – Final Demand) was up 8.6% year-over-year in October, unchanged from the prior month. Consumer prices jumped more than expected in October, up 0.9% versus expectations of 0.6%. On a year-over-year basis, the Consumer Price Index (CPI) was up 6.2% year-over-year in October, versus 5.4% in September. Energy prices jumped 4.8% in October, following a 1.3% increase in September. The price of West Texas Intermediate crude oil continues to hover around $80 per barrel, up nearly 100% year-over-year (up more than 40% from this time in 2019). Core CPI (excluding food and energy) was up 4.6% year-over-year in October, versus up 4.0% in September. The Ports of Long Beach and Los Angeles (which handle about 40% of US containerized imports) remain congested, and supply chain woes continue. Pricing pressures are expected to remain elevated over the near-term but should begin to improve next year, as supply chain constraints ease.

According to the US Labor Department's Job Openings and Labor Turnover (JOLTS) survey, more than 4.4 million people voluntarily quit their job in September, the highest number of monthly job quits on record. There were more than 10.4 million job openings at the end of the month. According to the US Bureau of Labor Statistics, the number of unemployed persons per job opening was 0.7 in September, suggesting that demand for labor continues to outpace the supply of workers, which is likely to keep upward pressure on wages, at least over the near-term.

Next Week

Empire State Manufacturing, Retail Sales, Import & Export Prices, Industrial Production, Housing Market Index, Housing Starts & Permits, Philly Fed, Leading Indicators

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