











Monthly Economic Report

August 2014

United States Economic Indicators

	<u>Aug-13</u>	<u>Jun-14</u>	<u>Jul-14</u>	<u>Aug-14</u>	
Unemployment Rate Number of individuals unemployed divided by the labor force. ¹	7.2%	6.1%	6.2%	n.a.	
Monthly Net Job Gains (000s) Average net increase in monthly payroll employment based on latest three months of data. ²	184.0	277.0	245.3	n.a.	
Advance Retail Sales Year-over-year growth rate of retail sales based on latest three months of data. Includes purchases of gas and motor vehicles. ³	5.3%	4.5%	4.2%	n.a.	
Residential Home Sales Year-over-year growth rate in the number of residential homes sold based on latest three months of data. ⁴	14.6%	-4.6%	-3.8%	n.a.	
Consumer Sentiment Index A diffusion index that reflects consumer optimism. A declining index signals increasing pessimism. ⁵	82.1	82.5	81.3	82.5	
Purchasing Managers Index (PMI) A diffusion index that reflects the relative health of the manufacturing sector. An index greater than 50 indicates that the sector is expanding. ⁶	55.7	55.3	57.1	n.a.	
Average Gas Price National average price for one gallon of unleaded gasoline. ⁷	3.57	3.69	3.61	3.49	
S&P 500 Index An index based on the stock prices of 500 top publicly traded corporations. Index values are from month end. ⁸	1,633	1,960	1,931	1,999	
Consumer Price Index (CPI - U) Year-over-year change in average price level. Includes outlays for energy. ⁹	1.5%	2.1%	2.0%	n.a.	
10-Year Treasury Yield on 10-year U.S. Treasury note. ⁸	2.78%	2.53%	2.58%	2.34%	

Sources:










1/ U.S. Department of Labor - Survey of Households.
 2/ U.S. Department of Labor - Survey of Establishments.
 3/ U.S. Department of Commerce.
 4/ National Association of Realtors.
 5/ University of Michigan - Survey of Consumers.

6/ Institute of Supply Management.
 7/ Energy Information Administration.
 8/ Market data compiled by the Wall Street Journal.
 9/ U.S. Department of Labor - Bureau of Labor Statistics.

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Pennsylvania Economic Indicators

	<u>Aug-13</u>	<u>Jun-14</u>	<u>Jul-14</u>	<u>Aug-14</u>	
Unemployment Rate Number of individuals unemployed divided by the labor force. ¹	7.4%	5.6%	5.7%	n.a.	
Annual Net Job Gains (000s) Average year-over-year net increase in payroll employment based on latest three months of data. ²	20.1	50.6	56.7	n.a.	
Sales-Use Taxes Year-over-year growth rate of all sales and use taxes based on latest three months of collections. ³	2.8%	4.5%	4.7%	5.2%	
Realty Transfer Taxes Year-over-year growth rate of realty transfer taxes based on latest three months of collections. Monthly residential sales data are not available at the state level. ³	18.2%	7.4%	7.1%	7.9%	
Housing Starts (Building Permits) Year-over-year growth rate (single units only) of privately owned homes upon which construction was initiated during the latest three-month period. ⁴	19.8%	-10.6%	-9.8%	n.a.	
Current Business Activity Index A diffusion index that measures the current outlook of manufacturing firms in the third federal reserve district (PA, NJ, DE). A negative number indicates increasing pessimism. ⁵	13.1	17.8	23.9	28.0	
Average Gas Price Central Atlantic (PA, NY, NJ) average price for one gallon of unleaded gasoline. ⁶	3.65	3.71	3.68	3.51	
Commercial Traffic on PA Turnpike Year-over-year growth rate of the volume of commercial truck traffic on the PA turnpike. Based on latest three months of data. ⁷	2.4%	3.4%	4.6%	n.a.	
Consumer Price Index (PA-NJ-DE-MD) Year-over-year change in average price level. Includes outlays for energy. Data are published on a bi-monthly basis. ⁸	1.1%	1.8%	1.8%	n.a.	

Sources:






- 1/ U.S. Department of Labor - Survey of Households.
- 2/ U.S. Department of Labor - Survey of Establishments.
- 3/ PA Department of Revenue. Excludes transfers to or from the Enhanced Revenue Collection Account.
- 4/ U.S. Census Bureau - Building Permits.

- 5/ Federal Reserve Bank of Philadelphia.
- 6/ U.S. Energy Information Administration.
- 7/ Pennsylvania Turnpike Commission Reports.
- 8/ U.S. Department of Labor - Bureau of Labor Statistics.
For non-release months, values held constant.




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Quarterly United States Economic Indicators

	<u>2013.3</u>	<u>2013.4</u>	<u>2014.1</u>	<u>2014.2</u>	
Real Gross Domestic Product (GDP) The quarterly annualized growth rate of the U.S. economy. Excludes inflation. ¹	4.5%	3.5%	-2.1%	4.2%	
Personal Income The year-over-year growth rate of U.S. personal income. Includes wages, interest, dividends, rents, pensions, business and transfer income. Includes any inflationary gains. ¹	3.0%	0.1%	3.6%	4.0%	
Corporate Profits The year-over-year growth rate of domestic and foreign profits of U.S. corporations. ¹	4.9%	4.7%	-4.8%	-0.3%	
FHFA House Price Index An index that measures the average price change of residential homes whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. Rate is the year-over-year change in the index. ²	8.3%	7.7%	6.8%	5.2%	
U.S. Delinquent Debt Share of consumer debt more than 90 days delinquent. ³	5.3%	5.0%	4.8%	4.5%	

Quarterly Pennsylvania Economic Indicators

	<u>2013.3</u>	<u>2013.4</u>	<u>2014.1</u>	<u>2014.2</u>	
Personal Income The year-over-year growth rate of PA personal income. Includes wages, interest, dividends, rents, pensions, business and transfer income. Includes any inflationary gains. ¹	2.4%	1.0%	3.1%	n.a.	
FHFA House Price Index An index that measures the average price change of residential homes whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. Rate is the year-over-year change in the index. ²	4.8%	3.4%	2.3%	2.4%	
PA Delinquent Debt Share of consumer debt more than 90 days delinquent. ³	5.6%	5.5%	5.2%	5.2%	

Sources: 1/ U.S. Bureau of Economic Analysis. 2/ Federal Housing Finance Agency. 3/ Federal Reserve Bank of New York.

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Snapshot: Personal Consumption Expenditures by State

In August 2014, the U.S. Bureau of Economic Analysis (BEA) released a new prototype statistic: personal consumption expenditures (PCE) by state. The PCE data represent the goods and services purchased by or on behalf of households, combined with the purchases of nonprofit institutions serving households. The state PCE statistics are available annually, from 1997 to 2012. These data are considered preliminary and are subject to revision; the BEA plans to release the official statistics in 2015.

Prior to this release, PCE data were only available at the national level. The PCE data at the national level are published annually, quarterly and monthly, with data through June 2014. National PCE typically comprise 68 percent of gross domestic product. Other components of gross domestic product include investment (17 percent), government purchases (20 percent) and net exports (-4 percent).

To facilitate a comparison between Pennsylvania and U.S. trends, per capita PCE data are used. This renders a more meaningful comparison because changes in population are accounted for by using the per capita figures. In general, Pennsylvania and the U.S. appear to have similar growth trends for total per capita PCE. From 2002 to 2012, Pennsylvania grew at an average rate of 3.7 percent annually, whereas the U.S. grew by 3.3 percent annually. Prior to the Great Recession (2002 to 2007), the U.S. (4.7 percent) grew slightly faster on average than Pennsylvania (4.6 percent). However, during the recession and recovery

period (2007 to 2012), the recession affected the U.S. (1.9 percent) more so than Pennsylvania (2.7 percent).

The higher growth in Pennsylvania compared to the U.S. from 2007 to 2012 can be attributed to certain consumption items. Motor vehicles and parts, which comprise roughly 11 percent of the goods category, grew at an average rate of 0.7 percent annually, whereas the U.S. experienced a decline of 0.8 percent. Pennsylvania also outpaced U.S. spending on food and beverages purchased for off-premises consumption (25 percent of the goods category), as it grew at an average rate of 3.0 percent annually compared to 2.4 percent for the U.S.

In the services category, Pennsylvania outpaced the U.S. from 2007 to 2012 in two items that comprise approximately 50 percent of the category: housing and utilities and health care. Growth in spending on housing and utilities grew at an average rate of 4.2 percent annually during this period for Pennsylvania; for the U.S., spending on housing and utilities grew at an average rate of 1.9 percent annually. Pennsylvania experienced higher growth in housing and utilities because the housing boom and bust was much less dramatic compared to other areas in the U.S. Spending on health care was slightly higher in Pennsylvania (3.8 percent) compared to the U.S. (3.7 percent).

Per Capita Personal Consumption Expenditures
(calendar years, average annual growth rates)

Item	Pennsylvania			United States		
	2002-12	2002-07	2007-12	2002-12	2002-07	2007-12
Personal Consumption Expenditures	3.7%	4.6%	2.7%	3.3%	4.7%	1.9%
Goods	3.0%	3.9%	2.1%	2.9%	4.3%	1.5%
Motor Vehicles and Parts	-0.3%	-1.4%	0.7%	-0.9%	-1.0%	-0.8%
Food and Beverages (off-premises consumption)	3.7%	4.3%	3.0%	3.2%	4.1%	2.4%
All Other (e.g., furnishings, clothing, gasoline)	3.5%	4.9%	2.0%	3.5%	5.5%	1.6%
Services	4.0%	5.0%	3.0%	3.5%	4.9%	2.1%
Housing and Utilities	4.2%	4.3%	4.2%	3.3%	4.7%	1.9%
Health Care	4.8%	5.8%	3.8%	4.6%	5.5%	3.7%
All Other (e.g., transportation, recreation, financial)	3.6%	5.0%	2.1%	3.1%	4.9%	1.4%

Source: U.S. Bureau of Economic Analysis.