

Monthly Economic Report

November 2014

United States Economic Indicators

	<u>Nov-13</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	
Unemployment Rate Number of individuals unemployed divided by the labor force. ¹	7.0%	5.9%	5.8%	n.a.	
Monthly Net Job Gains (000s) Average net increase in monthly payroll employment based on latest three months of data. ²	225.0	234.0	224.3	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	3.7%	4.5%	4.5%	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	4.5%	-3.8%	-1.5%	n.a.	
Consumer Sentiment Index A diffusion index that reflects consumer optimism. A declining index signals increasing pessimism. ⁵	72.0	84.6	86.9	88.8	
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	57.3	56.6	59.0	58.7	
Average Gas Price National average price for one gallon of unleaded gasoline. ⁷	3.24	3.41	3.17	2.91	
S&P 500 Index An index based on the stock prices of 500 top publicly traded corporations. Index values are from month end. ⁸	1,806	1,972	2,018	2,068	
Consumer Price Index (CPI - U) Year-over-year change in average price level. Includes outlays for energy. ⁹	1.3%	1.7%	1.7%	n.a.	
10-Year Treasury Yield on 10-year U.S. Treasury note. ⁸	2.57%	2.52%	2.35%	2.24%	

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.

Monthly Economic Report

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Pennsylvania Economic Indicators

	<u>Nov-13</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	
Unemployment Rate Number of individuals unemployed divided by the labor force. ¹	6.9%	5.7%	5.4%	n.a.	
Annual Net Job Gains (000s) Average year-over-year net increase in payroll employment based on latest three months of data. ²	25.6	47.6	45.7	n.a.	
Sales-Use Taxes Year-over-year growth rate of all sales and use taxes based on latest three months of collections. ³	3.3%	6.0%	5.2%	5.0%	
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	20.7%	1.4%	3.9%	1.6%	
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	16.9%	-15.8%	-9.5%	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	9.2	22.5	20.7	40.8	
Average Gas Price Central Atlantic (PA, NY, NJ) average price for one gallon of unleaded gasoline. ⁶	3.35	3.42	3.30	3.01	
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	4.4%	5.3%	5.0%	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	0.3%	1.3%	1.6%	1.6%	

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>2013.4</u>	<u>2014.1</u>	<u>2014.2</u>	<u>2014.3</u>	
Real Gross Domestic Product (GDP) The quarterly annualized growth rate of the U.S. economy. Excludes inflation. ¹	3.5%	-2.1%	4.6%	3.9%	
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	0.1%	3.6%	3.7%	3.9%	
Corporate Profits The year-over-year growth rate of domestic and foreign profits of U.S. corporations. ¹	4.7%	-4.8%	0.1%	0.4%	
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	7.7%	6.8%	5.5%	4.5%	
U.S. Delinquent Debt Share of consumer debt more than 90 days delinquent. ³	5.0%	4.8%	4.5%	4.3%	

Quarterly Pennsylvania Economic Indicators

	<u>2013.4</u>	<u>2014.1</u>	<u>2014.2</u>	<u>2014.3</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	-0.1%	3.4%	3.6%	n.a.	
Completed Home Sales The year-over-year growth rate in the number of single-family properties, townhomes and condominiums sold. ²	8.4%	-4.3%	-2.0%	-1.1%	
FHFA House Price Index The year-over-year growth rate of an index that measures the average price change of residential homes whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. ³	3.4%	2.3%	2.6%	1.7%	
PA Delinquent Debt Share of consumer debt more than 90 days delinquent. ⁴	5.5%	5.2%	5.2%	4.5%	

Sources: 1/U.S. Bureau of Economic Analysis. 2/Pennsylvania Association of Realtors. 3/Federal Housing Finance Agency. 4/Federal Reserve Bank of New York.

Monthly Economic Report

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Snapshot: New Quarterly Housing Indicator for Pennsylvania

This month's report includes a new quarterly economic indicator: the year-over-year growth rate for completed home sales in Pennsylvania. The data, reported by the Pennsylvania Association of Realtors (PAR), represent completed sales of single-family properties, townhomes and condominiums in a calendar quarter. PAR gathers these data from its affiliates throughout the state.

Until recently, PAR did not publish data for Pennsylvania home sales. Estimates for such sales were often extrapolated from data for the northeast region from the National Association of Realtors (NAR). As shown by the chart below, the year-over-year growth rates for Pennsylvania home sales have a strong correlation with the year-over-year growth rates for northeast home sales and U.S. home sales.

The decline in home sales since the fourth quarter of 2013, both in Pennsylvania and nationally, is likely the result of three factors. First, the "Polar Vortex" and the unusually cold winter at the start of 2014 may have delayed home purchases.

Second, tighter lending standards, student loan debt and relatively flat wages may prevent younger, first-time homebuyers from entering the market. For current homeowners, there may be a "lock-in" effect that discourages sales. These homeowners may be reluctant to trade mortgages with very low rates for those that are somewhat higher.

Third, the number of mortgages in foreclosure has fallen in recent quarters. This suggests that many properties with subprime loans made pre-recession may have already gone through the foreclosure process and been resold. CoreLogic, a data and analytics provider, reports that the share of mortgages in foreclosure in Pennsylvania in the third quarter of 2014 was 1.9 percent, a 0.8 percentage point decline from the prior year.

Home sales are expected to increase in the coming year as pent-up demand meets a growing inventory of homes for sale. Tighter lending standards, student loan debt and modest wage growth will remain the primary impediments to future sales.

