











# Monthly Economic Report

## January 2015

### United States Economic Indicators

	<u>Jan-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	
<b>Unemployment Rate</b> Number of individuals unemployed divided by the labor force. <sup>1</sup>	6.6%	5.8%	5.6%	n.a.	
<b>Monthly Net Job Gains (000s)</b> Average net increase in monthly payroll employment based on latest three months of data. <sup>2</sup>	167.3	295.0	288.7	n.a.	
<b>Advance Retail Sales</b> Year-over-year growth rate of retail sales based on latest three months of data. Includes purchases of gas and motor vehicles. <sup>3</sup>	3.1%	4.5%	4.1%	n.a.	
<b>Residential Home Sales</b> Year-over-year growth rate in the number of residential homes sold based on latest three months of data. <sup>4</sup>	-2.8%	0.9%	2.6%	n.a.	
<b>Consumer Sentiment Index</b> A diffusion index that reflects consumer optimism. A declining index signals increasing pessimism. <sup>5</sup>	81.2	88.8	93.6	98.1	
<b>Purchasing Managers Index (PMI)</b> A diffusion index that reflects the relative health of the manufacturing sector. An index greater than 50 indicates that the sector is expanding. <sup>6</sup>	51.3	58.7	55.1	53.5	
<b>Monthly Average Gas Price</b> National average price for one gallon of regular gasoline. <sup>7</sup>	3.31	2.91	2.54	2.12	
<b>S&amp;P 500 Index</b> An index based on the stock prices of 500 top publicly traded corporations. Index values are from month end. <sup>8</sup>	1,783	2,068	2,059	1,995	
<b>Consumer Price Index (CPI - U)</b> Year-over-year change in average price level. Includes outlays for energy. <sup>9</sup>	1.6%	1.3%	0.7%	n.a.	
<b>10-Year Treasury</b> Yield on 10-year U.S. Treasury note. <sup>8</sup>	2.67%	2.18%	2.17%	1.64%	

#### 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>Jan-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	
<b>Unemployment Rate</b> Number of individuals unemployed divided by the labor force. <sup>1</sup>	6.4%	5.1%	4.8%	n.a.	
<b>Annual Net Job Gains (000s)</b> Average year-over-year net increase in payroll employment based on latest three months of data. <sup>2</sup>	30.0	41.8	45.7	n.a.	
<b>Sales-Use Taxes</b> Year-over-year growth rate of all sales and use taxes based on latest three months of collections. <sup>3</sup>	2.0%	5.0%	3.9%	3.4%	
<b>Realty Transfer Taxes</b> 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. <sup>3</sup>	-0.5%	1.6%	14.6%	10.7%	
<b>Housing Starts (Building Permits)</b> Year-over-year growth rate (single units only) of privately owned homes upon which construction was initiated during the latest three-month period. <sup>4</sup>	17.8%	-11.6%	-9.2%	n.a.	
<b>Current Business Activity Index</b> 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. <sup>5</sup>	10.0	40.2	24.3	6.3	
<b>Monthly Average Gas Price</b> Central Atlantic (PA, NY, NJ) average price for one gallon of regular gasoline. <sup>6</sup>	3.49	3.01	2.74	2.33	
<b>Commercial Traffic on PA Turnpike</b> Year-over-year growth rate of the volume of commercial truck traffic on the PA turnpike. Based on latest three months of data. <sup>7</sup>	0.4%	5.5%	5.9%	n.a.	
<b>Consumer Price Index (PA-NJ-DE-MD)</b> Year-over-year change in average price level. Includes outlays for energy. Data are published on a bi-monthly basis. <sup>8</sup>	1.2%	1.6%	0.6%	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>2014.1</u>	<u>2014.2</u>	<u>2014.3</u>	<u>2014.4</u>	
<b>Real Gross Domestic Product (GDP)</b> The quarterly annualized growth rate of the U.S. economy. Excludes inflation. <sup>1</sup>	-2.1%	4.6%	5.0%	2.6%	
<b>Personal Income</b> 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. <sup>1</sup>	3.6%	3.7%	3.8%	4.3%	
<b>Corporate Profits</b> The year-over-year growth rate of domestic and foreign profits of U.S. corporations. <sup>1</sup>	-4.8%	0.1%	1.4%	n.a.	
<b>FHFA House Price Index</b> 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. <sup>4</sup>	6.8%	5.5%	4.5%	n.a.	
<b>U.S. Delinquent Debt</b> Share of consumer debt more than 90 days delinquent. <sup>5</sup>	4.8%	4.5%	4.3%	n.a.	

### Quarterly Pennsylvania Economic Indicators

	<u>2014.1</u>	<u>2014.2</u>	<u>2014.3</u>	<u>2014.4</u>	
<b>Personal Income</b> The year-over-year growth rate of PA personal income. Includes wages, interest, dividends, rents, pensions, business and transfer income. Includes any inflationary gains. <sup>1</sup>	3.4%	3.0%	3.5%	n.a.	
<b>Industrial Electricity Sales</b> The year-over-year growth rate in megawatt-hours of electricity sold to industrial customers in Pennsylvania each calendar quarter. <sup>2</sup>	2.9%	-0.2%	-0.4%	n.a.	
<b>Completed Home Sales</b> The year-over-year growth rate in the number of single-family properties, townhomes and condominiums sold. <sup>3</sup>	-4.1%	-1.8%	0.1%	5.8%	
<b>FHFA House Price Index</b> 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. <sup>4</sup>	2.3%	2.6%	1.7%	n.a.	
<b>PA Delinquent Debt</b> Share of consumer debt more than 90 days delinquent. <sup>5</sup>	5.2%	5.2%	4.5%	n.a.	

**Sources:** 1/U.S. Bureau of Economic Analysis. 2/U.S. Energy Information Administration. 3/Pennsylvania Association of Realtors. 4/Federal Housing Finance Agency. 5/Federal Reserve Bank of New York.

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### Snapshot: Low Gasoline Prices Boost Consumer Sentiment

Recent data from the Energy Information Administration reveal a dramatic decline in the Central-Atlantic average gasoline price. Following a recent peak in late June 2014, the average price dropped by nearly \$1.58 per gallon, a decline of 42 percent.<sup>1</sup> (Data through February 2, 2015.) Analysts attribute the decline to weak global demand and excess production from the Organization of Petroleum Exporting Countries, as well as domestic producers. The only time gasoline prices fell by a similar magnitude during a six-month period was the 2008-09 recession. Due to the economic contraction, U.S. gasoline demand collapsed and average prices fell by nearly \$2.50 per gallon, a decline of roughly 60 percent.

Consumer sentiment data from the University of Michigan suggest that the drop in gasoline prices is having a dramatic impact on consumers' outlook and confidence. The recent surge in consumer sentiment aligns exactly with the drop in gasoline prices. Analysts project that consumer sentiment will remain elevated as the excess supply of gasoline continues and restrains prices through the rest of the year.

In general, consumers are more inclined to spend their income when their confidence in the economy improves. However, it is not clear how quickly the savings at the gas pump translate into additional consumer spending. Many researchers believe that consumers will spend roughly one quarter to one half of these savings, and will use the residual savings to pay down debt or save for later use. As more time passes and gasoline prices remain low, consumers will treat the savings as a permanent increase in their disposable income, and will be more inclined to spend the savings.

The Independent Fiscal Office (IFO) estimates that consumer savings from lower gasoline prices could range from \$3.0 to \$3.5 billion for the current fiscal year.<sup>2</sup> Although the benefit to businesses is harder to quantify, the IFO estimates roughly \$1.5 to \$2.0 billion of savings. The business savings could increase profits, or be passed through to consumers as lower prices or employees as higher wages.

<sup>1</sup> <http://www.eia.gov/petroleum/gas>

<sup>2</sup> <http://www.ifo.state.pa.us/download.cfm?file=/resources/PDF/mid-year-FY14-15-presentation.pdf>

