











Monthly Economic Report

February 2015

United States Economic Indicators

	<u>Feb-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	<u>Feb-15</u>	
Unemployment Rate Number of individuals unemployed divided by the labor force. ¹	6.7%	5.6%	5.7%	n.a.	
Monthly Net Job Gains (000s) Average net increase in monthly payroll employment based on latest three months of data. ²	154.3	324.3	336.3	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	2.4%	4.1%	4.1%	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	-4.3%	2.7%	3.1%	n.a.	
Consumer Sentiment Index A diffusion index that reflects consumer optimism. A declining index signals increasing pessimism. ⁵	81.6	93.6	98.1	95.4	
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	53.2	55.1	53.5	52.9	
Monthly Average Gas Price National average price for one gallon of regular gasoline. ⁷	3.36	2.54	2.12	2.22	
S&P 500 Index An index based on the stock prices of 500 top publicly traded corporations. Index values are from month end. ⁸	1,859	2,059	1,995	2,105	
Consumer Price Index (CPI - U) Year-over-year change in average price level. Includes outlays for energy. ⁹	1.1%	0.7%	-0.2%	n.a.	
10-Year Treasury Yield on 10-year U.S. Treasury note. ⁸	2.66%	2.17%	1.64%	2.00%	

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>Feb-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	<u>Feb-15</u>	
Unemployment Rate Number of individuals unemployed divided by the labor force. ¹	6.2%	4.8%	n.a.	n.a.	
Annual Net Job Gains (000s) Average year-over-year net increase in payroll employment based on latest three months of data. ²	27.5	45.7	n.a.	n.a.	
Sales-Use Taxes Year-over-year growth rate of all sales and use taxes based on latest three months of collections. ³	0.4%	3.9%	3.4%	3.5%	
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	-4.5%	14.6%	10.7%	28.4%	
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	-3.4%	-9.2%	-13.9%	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	-2.0	24.3	6.3	5.2	
Monthly Average Gas Price Central Atlantic (PA, NY, NJ) average price for one gallon of regular gasoline. ⁶	3.48	2.74	2.33	2.28	
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	1.6%	5.9%	5.1%	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	1.0%	0.6%	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>	
Real Gross Domestic Product (GDP) The quarterly annualized growth rate of the U.S. economy. Excludes inflation. ¹	-2.1%	4.6%	5.0%	2.2%	
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	3.6%	3.7%	4.0%	4.5%	
Corporate Profits The year-over-year growth rate of domestic and foreign profits of U.S. corporations. ¹	-4.8%	0.1%	1.4%	n.a.	
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. ⁴	6.9%	5.6%	4.7%	4.9%	
U.S. Delinquent Debt Share of consumer debt more than 90 days delinquent. ⁵	4.8%	4.5%	4.3%	4.0%	

Quarterly Pennsylvania Economic Indicators

	<u>2014.1</u>	<u>2014.2</u>	<u>2014.3</u>	<u>2014.4</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	3.4%	3.0%	3.5%	n.a.	
Industrial Electricity Sales The year-over-year growth rate in megawatt-hours of electricity sold to industrial customers in Pennsylvania each calendar quarter. ²	2.9%	-0.2%	-0.4%	n.a.	
Completed Home Sales The year-over-year growth rate in the number of single-family properties, townhomes and condominiums sold. ³	-4.1%	-1.8%	0.1%	5.8%	
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. ⁴	2.3%	2.5%	2.1%	2.0%	
PA Delinquent Debt Share of consumer debt more than 90 days delinquent. ⁵	5.2%	5.2%	4.5%	4.7%	

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: Employment Growth Varies by Sector

On January 27th, the U.S. Bureau of Labor Statistics (BLS) released the latest state employment report. (Note: The report for February is delayed due to the annual benchmarking that BLS completes every year.) Although the Commonwealth's labor market has regained the total number of jobs lost during the recession, the composition of new jobs created are somewhat different. While overall job creation is important, the types of jobs created has economic implications too.

Since 2009, the U.S. BLS estimates that employment in Pennsylvania increased by 168,100 jobs (3.0%).¹ Most employment growth during this time period occurred in the following sectors: professional and business services (+83,400 jobs), educational and health services (+55,200), leisure and hospitality (+50,100), construction, natural resources and mining (+24,700) and transportation, warehousing and utilities (+19,800). These gains are partially offset by job losses in government (-53,000), manufacturing (-14,200), information (-13,600) and financial activities (-3,000).

As shown in the table below, the sectors that gained employment represent a mix of sectors with both high and

low wages.² Leisure and hospitality (\$21,100), retail trade (\$26,600), other services (\$36,800) and educational and health services (\$46,600) are four expanding sectors with average annual wages below \$50,000. These sectors may have lower average wages because they include a disproportionate number of part-time workers. Conversely, wholesale trade (\$73,400), professional and business services (\$71,000), construction, natural resources and mining (\$63,100) and transportation, warehousing and utilities (\$50,100) are four growing sectors with average annual wages above \$50,000.

The data show that all industries that recorded an employment contraction since 2009 have an average annual wage above \$50,000 including the financial activities (\$80,900), information (\$69,700) and manufacturing (\$59,200) sectors. The largest contraction was recorded by the government sector (\$50,400), which pays an average wage very close to the statewide average (\$50,700).

¹ Jobs in 2014 use preliminary December data from the U.S. Bureau of Labor Statistics.

² Average Annual Wage in 2014 from estimates provided by IHS Economics using Bureau of Labor Statistics data.

Employment Growth (in thousands) and Average Annual Wage by Sector

Sector	2009 Employment	2014 Employment	Employment Change	Average Annual Wage 2014
Professional & Business Services	674.8	758.2	83.4	\$71,000
Educational & Health Services	1,111.0	1,166.2	55.2	46,600
Leisure & Hospitality	494.3	544.4	50.1	21,100
Construction, Natural Resources, & Mining	246.9	271.6	24.7	63,100
Transportation, Warehousing, & Utilities	230.5	250.3	19.8	50,100
Other Services	249.9	256.0	6.1	36,800
Wholesale Trade	225.5	230.9	5.4	73,400
Retail Trade	624.8	628.9	4.1	26,600
Financial Activities	318.4	315.4	-3.0	80,900
Information	99.6	86.0	-13.6	69,700
Manufacturing	574.1	559.9	-14.2	59,200
Government	<u>768.2</u>	<u>715.2</u>	<u>-53.0</u>	<u>50,400</u>
Total Nonfarm Employment	5,618.0	5,786.1	168.1	50,700