











Monthly Economic Report

March 2015

United States Economic Indicators

	<u>Mar-14</u>	<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>	
Unemployment Rate Number of individuals unemployed divided by the labor force. ¹	6.6%	5.7%	5.5%	5.5%	
Monthly Net Job Gains (000s) Average net increase in monthly payroll employment based on latest three months of data. ²	193.0	330.3	287.7	197.0	
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	2.5%	3.9%	3.0%	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	-6.4%	3.1%	4.1%	n.a.	
Consumer Sentiment Index A diffusion index that reflects consumer optimism. A declining index signals increasing pessimism. ⁵	80.0	98.1	95.4	93.0	
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	53.7	53.5	52.9	51.5	
Monthly Average Gas Price National average price for one gallon of regular gasoline. ⁷	3.53	2.12	2.22	2.46	
S&P 500 Index An index based on the stock prices of 500 top publicly traded corporations. Index values are from month end. ⁸	1,872	1,995	2,105	2,068	
Consumer Price Index (CPI - U) Year-over-year change in average price level. Includes outlays for energy. ⁹	1.5%	-0.2%	-0.1%	n.a.	
10-Year Treasury Yield on 10-year U.S. Treasury note. ⁸	2.73%	1.64%	2.00%	1.96%	

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

March 2015

Pennsylvania Economic Indicators

	<u>Mar-14</u>	<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>	
Unemployment Rate Number of individuals unemployed divided by the labor force. ¹	6.1%	5.1%	5.2%	n.a.	
Annual Net Job Gains (000s) Average year-over-year net increase in payroll employment based on latest three months of data. ²	15.2	62.5	66.8	n.a.	
Sales-Use Taxes Year-over-year growth rate of all sales and use taxes based on latest three months of collections. ³	0.6%	3.4%	3.5%	2.9%	
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	10.9%	10.7%	28.4%	15.3%	
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	-12.5%	-13.9%	-10.6%	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	10.7	6.3	5.2	n.a.	
Monthly Average Gas Price Central Atlantic (PA, NY, NJ) average price for one gallon of regular gasoline. ⁶	3.59	2.33	2.28	2.46	
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	1.8%	5.1%	6.0%	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	1.0%	0.6%	-0.1%	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.






Monthly Economic Report

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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%	-0.2%	
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%	4.3%	

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	3.2%	2.8%	3.5%	4.1%	
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%	-1.0%	
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: Millennials Increasingly Rent, and Rental Prices Increase

In a recent speech, a governor of the Federal Reserve Board stated that members of the millennial generation are delaying the purchase of homes, and that outcome may hinder their ability to accumulate future wealth.¹ Other research suggests that economic conditions for renters are becoming less favorable, and many millennials face an uncertain economic future.

Figure 1 compares the share of Pennsylvanians aged 20-30 who own or rent their housing.² The share of renters sharply increased from 2010 to 2011, while the share of owners dropped. This new relationship continues to the present day. A recent working paper from the Harvard University Joint Center on Housing Studies confirms that this is a national trend, and may significantly affect the millennial generation.³ The paper notes that the increase in millennial rentals is partly explained by cultural factors such as delayed marriages, but is probably more strongly related to the financial crisis.

Recent inflation data confirm that the economic outlook for renters in Pennsylvania may be deteriorating. Figure 2 displays the growth rate for the Philadelphia met-

ro region CPI-U and the component related to rental housing.⁴ Since 2012, rental inflation has surpassed general inflation. The differential is especially notable for the first quarter of 2015.

Research from the Federal Reserve Bank of Philadelphia finds that rental housing is both less affordable and accessible to Pennsylvanians with low incomes, and becoming more so.⁵ One possible reason is the large influx of individuals into the rental market, due to declining homeownership rates. Therefore, Pennsylvanians aged 20-30, who typically earn less than the statewide median, are likely to be disproportionately affected by recent trends in the rental market.

¹ Sparshott, Jeffrey, *The Wall Street Journal*, April 2, 2015.

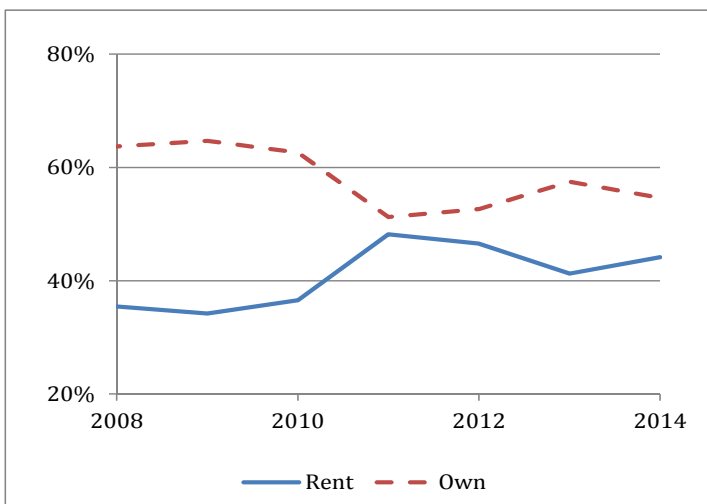
² U.S. Census Bureau, Current Population Survey.

³ Drew, Rachel Bogardus, "Effect of Changing Demographics On Young Adult Homeownership Rates," Harvard University (2015).

⁴ U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers, Philadelphia Metro Area.

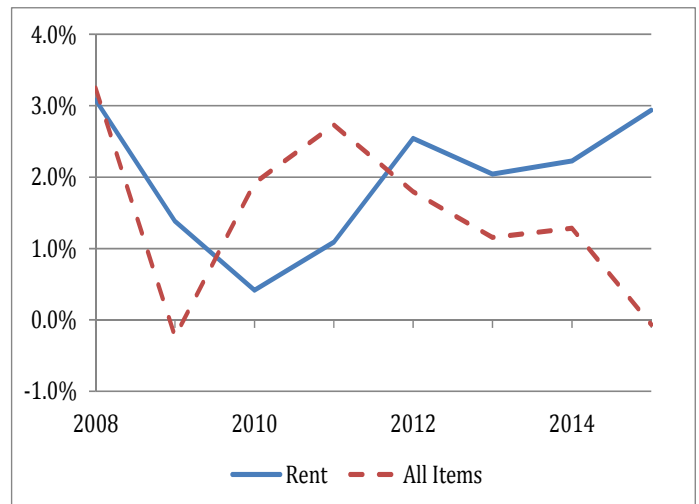
⁵ Divringi, Eileen, "Affordability and Availability of Rental Housing in the Third Federal Reserve District," Federal Reserve Bank of Philadelphia (2015).

Fig. 1: Pennsylvanians Aged 20-30, Share of Owners Versus Renters



Source: U.S. Census Bureau.

Fig. 2: Philadelphia Metro Region CPI-U, Apartment Rents Versus All Items



Source: U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis, 2015 represents Q1 only.