

# Monthly Economic Update

April 2023



## February Payroll Jobs Gains Revert to Pre-COVID Average

This economic update uses recent state labor market data to assess whether the Pennsylvania economy has slowed or entered into recession. Labor market data are informative because they are leading economic indicators published on a regular and timely basis, with short real-time lags. The five labor market metrics (seasonally adjusted except new UI claims) tracked for this update are as follows:

- **Change in Payroll Jobs (Establishment Survey)** The month-to-month change in payroll employment (excludes self-employed) based on total number of jobs. Preliminary payroll employment increased by 5,600 jobs in February from the prior month, nearly identical to the pre-COVID average monthly gain.
- **Change in Employment (Household Survey)** The month-to-month change in total employment (includes self-employed) based on number of residents working. The number of residents employed increased 5,800 from the prior month. Like the payroll jobs metric, it also returned close to the pre-COVID average monthly gain.
- **Job Openings** A measure of the unmet demand for labor. The pre-COVID average was 281,000 job openings in a typical month. The number of job openings in January increased 1.5% compared to December and remains above pre-COVID average job openings. These data lag other labor market data by one month.
- **Initial Unemployment Insurance (UI) Claims** Average new weekly claims for unemployment compensation during the month. The average number of new claims decreased to 9,300 in February 2023, which is lower than the pre-COVID average. (Note: these data are not seasonally adjusted and higher new claims occur in winter months when seasonal workers claim benefits.)
- **Labor Force Participation Rate (LFPR)** The share of state residents age 16 or older who work or actively seek employment. The LFPR remained at 61.9% and remains below the pre-COVID average.

The monthly data show that February payroll jobs now exceed the pre-COVID peak (February 2020) by 6,500 jobs, but household employment is 84,900 lower (November 2019). This discrepancy could occur due to self-employed residents leaving the workforce, or more likely, a proliferation of part-time jobs where residents with multiple jobs are counted twice in the payroll jobs data, but only once in the household employment data.

### Pennsylvania Labor Market Indicators

	Pre-COVID	Calendar Year 2022				2023	
		Sep	Oct	Nov	Dec	Jan	Feb
Change Payroll Jobs (000s)	5	12	16	14	18	18	6
Change HH Employment (000s)	5	-2	2	2	1	11	6
Job Openings (000s)	281	357	393	428	458	465	--
New UI Claims (000s)	14.5	6.0	8.1	12.1	14.6	12.4	9.3
Labor Force Participation Rate	62.8%	61.7%	61.7%	61.7%	61.7%	61.9%	61.9%

Note: HH is household and UI is unemployment insurance. Data are seasonally adjusted except UI Claims. Pre-COVID figures are monthly averages during 2018 and 2019. Payroll Jobs exclude self-employed and independent contractors. January Job Openings and February Payroll Jobs, Household Employment and Labor Force Participation Rate data are preliminary.

Source: U.S. Department of Labor, Employment and Training Administration, Current Population Survey and U.S. Bureau of Labor Statistics.

## Pennsylvania Economic Indicators

<u>Monthly Data</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>
Unemployment Rate (U3) <sup>1</sup>	4.4%	4.3%	4.3%	4.4%	n.a.
Net Job Gains (000s) <sup>2</sup>	187.6	184.8	193.2	164.8	n.a.
Avg. Gasoline Price <sup>3</sup>	\$3.85	\$3.47	\$3.47	\$3.46	\$3.41
CPI-U All Items <sup>4</sup>	7.1%	6.4%	6.7%	6.9%	n.a.
Natural Gas Price <sup>5</sup>	\$4.04	\$4.74	\$2.58	\$2.02	\$2.14
Number of Home Sales <sup>6</sup>	-5.3%	-3.7%	-3.8%	4.0%	n.a.
PA Turnpike Traffic (cars) <sup>7</sup>	-18.0%	0.5%	16.4%	n.a.	n.a.
PA Turnpike Traffic (commercial) <sup>7</sup>	-1.2%	-3.4%	4.5%	n.a.	n.a.
<u>Quarterly Data</u>	<u>2021.4</u>	<u>2022.1</u>	<u>2022.2</u>	<u>2022.3</u>	<u>2022.4</u>
Gross Domestic Product <sup>8</sup>	8.4%	-1.1%	-0.9%	3.2%	3.2%
Personal Income <sup>9</sup>	5.8%	-4.6%	2.2%	3.5%	5.0%
Wages and Salaries <sup>10</sup>	8.3%	10.0%	9.5%	9.6%	8.1%
FHFA House Price Index <sup>11</sup>	13.4%	14.6%	12.9%	9.6%	8.1%

## United States Economic Indicators

<u>Monthly Data</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>
Unemployment Rate (U3) <sup>1,12</sup>	3.6%	3.5%	3.4%	3.6%	n.a.
Unemployment Rate (U6) <sup>1,12</sup>	6.7%	6.5%	6.6%	6.8%	n.a.
Number of Home Sales <sup>6</sup>	-7.2%	-2.2%	-0.7%	14.5%	n.a.
S&P 500 <sup>13</sup>	-10.7%	-19.4%	-9.7%	-9.2%	-12.8%
10-Year Note <sup>14</sup>	3.70	3.88	3.53	3.92	3.41
Leading Economic Index (LEI) <sup>15</sup>	113.5	110.5	110.3	110.0	n.a.
<u>Quarterly Data</u>	<u>2021.4</u>	<u>2022.1</u>	<u>2022.2</u>	<u>2022.3</u>	<u>2022.4</u>
Gross Domestic Product <sup>8</sup>	7.0%	-1.6%	-0.6%	3.2%	2.6%
Personal Income <sup>9</sup>	6.9%	-3.5%	3.2%	4.6%	5.7%
Wages and Salaries <sup>10</sup>	9.9%	10.9%	9.1%	9.0%	7.5%
Corporate Profits <sup>16</sup>	25.5%	13.0%	5.5%	5.0%	1.2%

### Sources and Notes:

1. Source: U.S. Bureau of Labor Statistics- Survey of Households.
2. Year-over-year increase in payroll employment. Source: U.S. Bureau of Labor Statistics- Survey of Establishments.
3. Average price for one gallon of regular gasoline in the Central Atlantic region. Source: U.S. Energy Information Administration.
4. Annual change in average price level for U.S. and PA-NJ-DE-MD. Source: U.S. Bureau of Labor Statistics.
5. Price is weighted average from major Pennsylvania gas hubs. Unit is dollars per MMBtu. Source: Bentek Energy.
6. Seasonally Adjusted Annual Rate. Pennsylvania figures represent northeast region. Source: National Association of Realtors.
7. Year-over-year growth rate of monthly traffic counts based on entry data. Source: Pennsylvania Turnpike.
8. The quarterly, annualized real growth rate of the economy. Excludes inflation. Source: U.S. Bureau of Economic Analysis.
9. Year-over-year growth rate of personal income. Source: U.S. Bureau of Economic Analysis.
10. Year-over-year growth rate of wages and salaries paid to all payroll employees. Source: U.S. Bureau of Economic Analysis.
11. Source: Federal Housing Finance Agency.
12. The U3 (official) unemployment rate is total unemployed as a percent of the civilian labor force. The U6 rate includes the U3 unemployed plus those marginally attached to the labor force, discouraged workers and those working part-time for economic reasons.
13. Year-over-year growth rate of S&P 500 closing price. Data as of the first of the month. Source: Yahoo! Finance.
14. Source: Yahoo! Finance.
15. The LEI is a predictive variable that anticipates turning points in the business cycle, including recession periods or economic expansions, and is highly correlated with real GDP. Source: The Conference Board.
16. Year-over-year growth rate, domestic profits only. Source: U.S. Bureau of Economic Analysis.