

Monthly Economic Update

January 2021



Pennsylvania Turnpike Traffic Declined 26 Percent in 2020

For 2020, the [Pennsylvania Turnpike](#) reports a total of 118.5 million vehicle trips, a decline of 26.0%, or 41.6 million fewer trips than 2019. This result was largely due to fewer motorists traveling due to the COVID-19 pandemic. The number of passenger vehicle trips on the Turnpike declined 30.0% (40.8 million vehicle entries) from 2019, comprising 98% of the annual traffic reduction. Commercial vehicle trips fell 3.5% (844,000 vehicle entries) from the prior year. Traffic counts in April showed the largest recent year-over-year decline for both passenger vehicles (-69.6%) and commercial vehicles (-25.3%). Commercial vehicle trips rebounded quickly after the expiration of stay-at-home orders, growing 0.8% in June relative to the prior year. For the remainder of 2020, commercial vehicle traffic on the Turnpike remained relatively flat compared to the prior year, increasing 1.2% in the fourth quarter. Passenger vehicle trips, which comprised 80% of Turnpike traffic in 2020, did not experience the same rebound. For the fourth quarter of 2020, passenger vehicle trips declined 28.1% from 2019 levels.

Pennsylvania Education Jobs Not Recovered as Pandemic Persists

A recent [article](#) from the Wall Street Journal finds that the pandemic is exacerbating an ongoing teacher shortage, as nationwide public school employment fell to its lowest level since 2000. In Pennsylvania, education jobs at all levels and across both the public and private sector declined relative to the prior year. For November 2020, recent [data](#) from the U.S. Bureau of Labor Statistics reveal that local public school districts employed 268,800 staff, a decline of 5.5% (-15,700 jobs, not seasonally adjusted) from November 2019. These jobs include elementary and secondary school teachers, teachers' aids, clerical workers and other support staff. State education jobs declined 14.4% (-9,100) from the prior year. These include employees of intermediate units, the Pennsylvania State System of Higher Education and state-related colleges/universities. Private colleges, universities and professional schools recorded similar job losses as students moved to remote learning or delayed admission in response to the pandemic. Employment in this subsector fell 17.1% (-31,300) over the prior year. Private elementary and secondary school employment, which has grown modestly over the past decade, remained flat compared to the prior year. In November 2020, this subsector employed 48,400 and experienced minimal employment loss during the pandemic.

Prices for Household Appliances and Used Cars Increase Dramatically

The December Philadelphia [Consumer Price Index](#) (CPI) released by the U.S. Bureau of Labor Statistics, increased 1.1% over the prior year (not seasonally adjusted) continuing a trend of modest year-over-year price growth for 2020 Q4. Certain types of goods experienced large year-over-year price growth compared to December 2019 including: household furniture and appliances (+12.2%), used cars and trucks (+10.1%), personal care services such as haircuts (+6.0%) and food away from home (+5.4%, includes food delivery). In contrast, other types of goods experienced significant price reductions including: car insurance (-10.8%), education and communication commodities (e.g., college textbooks, telephone hardware and other IT commodities, -6.7%) and motor fuel (-3.1%). These price changes reflect shifting consumer demand for certain goods and supply chain constraints as consumers and businesses respond to the pandemic. For the full calendar year, the Philadelphia CPI-U increased by 0.9%. If food and energy are excluded, then average price levels increased by 1.2% relative to the prior year.

Pennsylvania Economic Indicators

| <u>Monthly Data</u> | <u>Sep-20</u> | <u>Oct-20</u> | <u>Nov-20</u> | <u>Dec-20</u> | <u>Jan-21</u> |
|---|---------------|---------------|---------------|---------------|---------------|
| Unemployment Rate ¹ | 8.3% | 7.4% | 6.6% | n.a. | n.a. |
| Net Job Gains (000s) ² | -465.3 | -461.4 | -452.6 | n.a. | n.a. |
| Avg. Gasoline Price ³ | \$2.28 | \$2.28 | \$2.26 | \$2.34 | \$2.45 |
| CPI-U All Items ⁴ | 0.6% | 0.8% | 0.9% | 1.1% | n.a. |
| Natural Gas Price ⁵ | \$1.17 | \$1.07 | \$1.09 | \$1.98 | \$2.32 |
| Home Sales ⁶ | 16.2% | 4.7% | -2.2% | n.a. | n.a. |
| PA Turnpike Traffic (cars) ⁷ | -22.3% | -22.7% | -29.3% | -32.9% | n.a. |
| PA Turnpike Traffic (commercial) ⁷ | 3.0% | -1.6% | 0.7% | 5.1% | n.a. |
| <u>Quarterly Data</u> | <u>2019.3</u> | <u>2019.4</u> | <u>2020.1</u> | <u>2020.2</u> | <u>2020.3</u> |
| Gross Domestic Product ⁸ | 2.5% | 1.4% | -5.8% | -34.0% | 35.5% |
| Personal Income ⁹ | 2.8% | 2.8% | 2.5% | 13.1% | 9.6% |
| Wages and Salaries ¹⁰ | 3.2% | 4.3% | 2.2% | -6.2% | -0.7% |
| FHFA House Price Index ¹¹ | 5.0% | 5.2% | 5.1% | 4.5% | 8.0% |

United States Economic Indicators

| <u>Monthly Data</u> | <u>Sep-20</u> | <u>Oct-20</u> | <u>Nov-20</u> | <u>Dec-20</u> | <u>Jan-21</u> |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Unemployment Rate ¹ | 7.8% | 6.9% | 6.7% | 6.7% | n.a. |
| Home Sales ⁶ | 9.9% | 4.4% | -2.5% | n.a. | n.a. |
| S&P 500 ¹² | 13.0% | 7.7% | 15.3% | 16.3% | 17.8% |
| 10-Year Note ¹³ | 0.68 | 0.86 | 0.84 | 0.92 | 1.14 |
| <u>Quarterly Data</u> | <u>2019.3</u> | <u>2019.4</u> | <u>2020.1</u> | <u>2020.2</u> | <u>2020.3</u> |
| Gross Domestic Product ⁸ | 2.6% | 2.4% | -5.0% | -31.4% | 33.4% |
| Personal Income ⁹ | 3.5% | 3.5% | 3.2% | 10.7% | 7.1% |
| Wages and Salaries ¹⁰ | 3.9% | 4.5% | 3.2% | -3.9% | 1.1% |
| Corporate Profits ¹⁴ | -1.9% | 1.2% | -8.0% | -17.9% | 9.2% |

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. 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. Year-over-year growth rate of S&P 500 closing price. Data as of the first of the month. Source: Yahoo! Finance.
13. Source: Yahoo! Finance.
14. Year-over-year growth rate, domestic profits only. Source: U.S. Bureau of Economic Analysis.