

Monthly Economic Update

June 2022

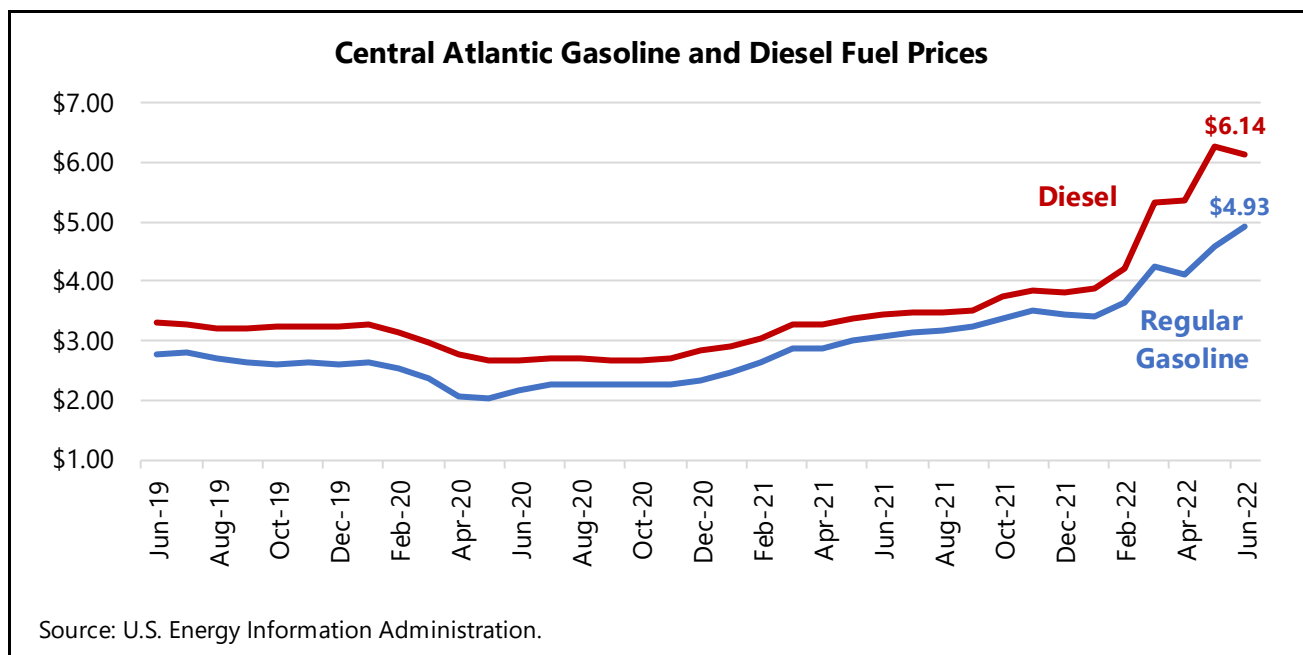


Pennsylvania Fuel Prices Reach Highest Level On Record

The U.S. Energy Information Administration releases weekly [gasoline and diesel fuel prices](#) for the U.S. and by region. Pennsylvania is included in the Central Atlantic region, along with Maryland, New York, New Jersey and Delaware. Data for the first two weeks of June show that the average weekly price of regular gasoline for the region was \$4.93 per gallon, a 60% increase from \$3.08 in June 2021 and 128% from \$2.16 in June 2020. For diesel, the average price was \$6.14, a year-over-year (YOY) increase of nearly 80%. (Average prices include all applicable state and federal excise taxes.) Both averages represent the highest prices recorded, surpassing the previous records of \$4.08 for regular gasoline (July 2008) and \$4.61 for diesel (May 2008).

Since February 2022, diesel fuel prices have increased notably more (45.4%) than regular gasoline (35.8%). Recent news articles cite various factors including rapidly expanding demand, a contraction of supply and limited refining capacity. Diesel fuel is used by transportation and various supply chain industries (e.g., farming, manufacturing, metals and mining). Therefore, diesel fuel prices have significant implications for the prices paid by consumers for final goods and services.

For gasoline, the impact of higher prices on consumers is more transparent. Compared to June 2021, the (preliminary) average price is now \$1.85 per gallon higher. Based on recent consumption trends, the IFO estimates that Pennsylvania drivers will consume roughly 400 million gallons of gasoline in June 2022. At higher prices, drivers will spend \$740 million more on gasoline for the month. Most of the higher spending will flow out of Pennsylvania to states that have production and refining operations. Based on data from the Philadelphia metro Consumer Price Index (CPI), gasoline purchases comprise 3.0% of total purchases in the CPI basket (includes rent imputations to homeowners). That share is based on data from 2019 to 2020, prior to the dramatic increase in price. Academic research finds that consumers are unresponsive to higher gasoline prices in the short-term, and the significant price increase has likely caused most consumers to shift a notably higher share of their spending to gasoline and away from taxable and non-taxable discretionary purchases.



Pennsylvania Economic Indicators

<u>Monthly Data</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>
Unemployment Rate ¹	5.4%	5.1%	4.9%	4.8%	n.a.
Net Job Gains (000s) ²	215.1	219.8	200.0	210.3	n.a.
Avg. Gasoline Price ³	\$3.42	\$3.63	\$4.26	\$4.11	\$4.59
CPI-U All Items ⁴	7.0%	7.3%	7.9%	8.4%	n.a.
Natural Gas Price ⁵	\$3.83	\$4.26	\$4.22	\$5.88	\$7.07
Number of Home Sales ⁶	6.8%	-11.5%	-4.3%	1.5%	n.a.
PA Turnpike Traffic (cars) ⁷	5.8%	29.1%	9.4%	8.3%	n.a.
PA Turnpike Traffic (commercial) ⁷	1.4%	12.7%	3.1%	-0.4%	n.a.
<u>Quarterly Data</u>	<u>2021.1</u>	<u>2021.2</u>	<u>2021.3</u>	<u>2021.4</u>	<u>2022.1</u>
Gross Domestic Product ⁸	2.7%	4.7%	2.4%	6.4%	n.a.
Personal Income ⁹	15.6%	-1.1%	2.2%	5.4%	n.a.
Wages and Salaries ¹⁰	1.0%	12.6%	9.5%	8.0%	n.a.
FHFA House Price Index ¹¹	11.8%	16.4%	14.8%	13.3%	14.5%

United States Economic Indicators

<u>Monthly Data</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>
Unemployment Rate ¹	4.0%	3.8%	3.6%	3.6%	3.6%
Number of Home Sales ⁶	6.6%	-8.6%	-3.0%	-2.4%	n.a.
S&P 500 ¹²	21.6%	14.8%	14.0%	-1.2%	-1.7%
10-Year Note ¹³	1.78	1.84	2.33	2.89	2.84
<u>Quarterly Data</u>	<u>2021.1</u>	<u>2021.2</u>	<u>2021.3</u>	<u>2021.4</u>	<u>2022.1</u>
Gross Domestic Product ⁸	6.3%	6.7%	2.3%	6.9%	-1.4%
Personal Income ⁹	16.1%	1.6%	5.3%	7.2%	-3.0%
Wages and Salaries ¹⁰	2.9%	13.4%	11.4%	10.0%	11.3%
Corporate Profits ¹⁴	23.3%	53.8%	21.4%	23.5%	13.1%

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.