

# Monthly Economic Update

May 2022



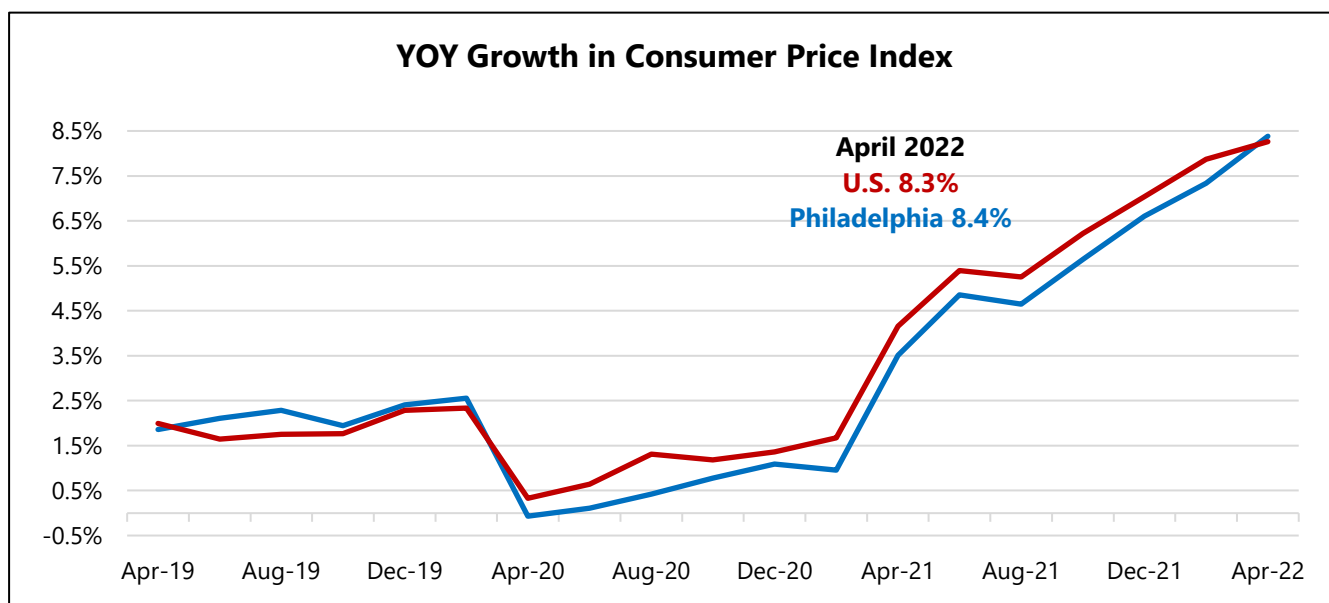
## Philadelphia Metro Region Inflation Surges Past U.S. Average

The U.S. Bureau of Labor Statistics recently released [Consumer Price Index \(CPI\) data](#) for April. For the U.S., the data show that the All Items CPI-U increased 8.3% compared to the prior year. For the Philadelphia metro region, the year-over-year rate was 8.4%, surpassing the U.S. average for the first time since February 2020.

Metro level data are published every other month. For February, the Philadelphia metro region inflation rate (7.3%) fell short of the U.S. rate (7.9%) by 0.6 percentage points (ppts). For April, the metro rate exceeded the U.S. by 0.1 ppt. Three factors caused the Philadelphia rate to surge past the U.S. average:

- By far, the largest component of the CPI (35.4% for Philadelphia) is Shelter, which reflects rent imputed to homeowners and monthly rental payments. In February, the Philadelphia Shelter component increased by 0.3 ppts more than the U.S. average (5.0% vs. 4.7%). For April, the growth rate differential increased to 1.0 ppt (6.1% vs. 5.1%).
- The Energy CPI component includes gasoline and utilities and comprises 7.0% of the Philadelphia CPI. In February, the Philadelphia Energy component increased by 1.2 ppts less than the U.S. (24.4% vs. 25.6%). For April, the growth rate differential flipped, and Philadelphia grew by 2.6 ppts more than the U.S. (32.9% vs. 30.3%).
- The Food and Beverage component includes groceries and dining out and comprises 12.8% of the Philadelphia CPI. For 2021, U.S. Food and Beverage inflation exceeded the metro region by nearly 2.0 ppts. For April, Philadelphia Food and Beverage inflation exceeded the U.S. by 0.2 ppts (9.2% vs. 9.0%).

As shown by the graph, the two inflation series trend closely, and it is not unusual for Philadelphia metro inflation to exceed the U.S. average for certain time periods. The U.S. inflation rate decelerated in April (8.3%) compared to March (8.5%). Given the higher growth rate of the large Shelter component for Philadelphia, which is known to lag other CPI components, it is less likely that metro inflation will also decelerate in the near term.



## Pennsylvania Economic Indicators

<u>Monthly Data</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>
Unemployment Rate <sup>1</sup>	5.5%	5.4%	5.1%	4.9%	n.a.
Net Job Gains (000s) <sup>2</sup>	231.5	215.1	219.8	195.9	n.a.
Avg. Gasoline Price <sup>3</sup>	\$3.44	\$3.42	\$3.63	\$4.26	\$4.11
CPI-U All Items <sup>4</sup>	6.6%	7.0%	7.3%	7.9%	8.4%
Natural Gas Price <sup>5</sup>	\$2.95	\$3.83	\$4.26	\$4.22	\$5.85
Number of Home Sales <sup>6</sup>	-1.4%	6.8%	-11.5%	-4.3%	1.5%
PA Turnpike Traffic (cars) <sup>7</sup>	32.8%	5.8%	29.1%	n.a.	n.a.
PA Turnpike Traffic (commercial) <sup>7</sup>	6.6%	1.4%	12.7%	n.a.	n.a.
<u>Quarterly Data</u>	<u>2020.4</u>	<u>2021.1</u>	<u>2021.2</u>	<u>2021.3</u>	<u>2021.4</u>
Gross Domestic Product <sup>8</sup>	5.2%	2.7%	4.7%	2.4%	6.4%
Personal Income <sup>9</sup>	4.5%	15.6%	-1.1%	2.2%	5.4%
Wages and Salaries <sup>10</sup>	1.9%	1.0%	12.6%	9.5%	8.0%
FHFA House Price Index <sup>11</sup>	11.2%	12.3%	16.5%	14.8%	13.4%

## United States Economic Indicators

<u>Monthly Data</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>
Unemployment Rate <sup>1</sup>	3.9%	4.0%	3.8%	3.6%	3.6%
Number of Home Sales <sup>6</sup>	-3.8%	6.6%	-8.6%	-3.0%	-2.4%
S&P 500 <sup>12</sup>	26.9%	21.6%	14.8%	14.0%	-1.2%
10-Year Note <sup>13</sup>	1.51	1.78	1.84	2.33	2.89
<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 <sup>8</sup>	6.3%	6.7%	2.3%	6.9%	-1.4%
Personal Income <sup>9</sup>	16.1%	1.6%	5.3%	7.2%	-3.0%
Wages and Salaries <sup>10</sup>	2.9%	13.4%	11.4%	10.0%	11.3%
Corporate Profits <sup>14</sup>	23.3%	53.8%	21.4%	23.5%	n.a.

### 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.