

# Monthly Economic Update

October 2020



## June Retail Spending Increased 6.8% in Pennsylvania

The U.S. Census Bureau recently released monthly [state retail sales](#) for June. Pennsylvania spending on automotive and other vehicle dealers (11.9%), food and beverage (12.0%) and building materials and supplies (24.6%) recorded strong growth relative to June 2019. However, health and personal care (-0.5%) and clothing and accessories (-25.6%) spending recorded declines. The U.S. Census Bureau also released the [advance monthly retail sales](#) for September. National monthly retail sales grew 7.1% from the previous September, signaling continued strength in consumer spending. Automotive and other vehicle dealers (14.4%), building materials and supplies (23.4%) and health and personal care (7.8%) reported strong growth. Food service (-13.7%) and clothing (-12.0%) remain weak relative to September 2019.

## Pennsylvania Personal Income Grows by 12.0% in Q2

On September 24, the U.S. Bureau of Economic Analysis (BEA) released [state personal income data](#) for 2020 Q2. Pennsylvania personal income grew 12.0% in the second quarter compared to the prior year. Transfer receipts increased by 83.8% driven by an increase in state and federal unemployment compensation. Wages and salaries declined in the second quarter for Pennsylvania and the United States -5.7% and -4.6% (year-over-year), respectively. The accommodation and food services (-57.0%) and the arts, entertainment and recreation (-42.8%) sectors recorded the largest earnings declines in Pennsylvania.

## Pennsylvania Records 10th Largest Percent Decrease in State GDP in Q2

Pennsylvania real Gross Domestic Product (GDP) fell 34.0% in 2020 Q2, according to [data](#) released by the U.S. Bureau of Economic Analysis (BEA) on October 2. National real GDP decreased at an annual rate of 31.4%, contracting in all 50 states and the District of Columbia. Pennsylvania experienced the 10<sup>th</sup> largest percent decline in 2020 Q2 GDP, driven by decreases in the health care and social assistance sector (contributing -5.1 percentage points to the decrease), the accommodation and food services (-3.5) and transportation and warehousing (-3.3) sectors. The BEA will release an advance estimate of 2020 Q3 U.S. GDP on October 29. Currently, the Atlanta Fed's [GDPNow forecast model](#) projects an annualized growth rate of +35.3% for 2020 Q3 U.S. GDP based on available economic data for the third quarter.

## Pennsylvania Employment Expands 1.2% in September

The U.S. Bureau of Labor Statistics recently released monthly [state employment data](#). For September, Pennsylvania payroll employment grew by 1.2% (68,000 jobs) from August but declined by -7.8% (-477,000 jobs) from September 2019. (Note: data used are not seasonally adjusted.) Of particular note, the education (-15.0% decline from last September), state government (-6.6%) and local government (-5.5%) sectors recorded stronger job losses compared to the prior month, while all other sectors recorded modest gains. A notable exception is federal government employment, which increased year-over-year (8.9%) due to the temporary hiring of Census workers. However, federal government employment will contract as the decennial Census concludes. Overall, the private sector recorded modest employment gains, while the government and education sectors reported accelerating losses which coincides with the start of the school year.

## Pennsylvania Economic Indicators

<u>Monthly Data</u>	<u>Jun-20</u>	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>
Unemployment Rate <sup>1</sup>	13.2%	12.5%	10.4%	8.1%	n.a.
Net Job Gains (000s) <sup>2</sup>	-625.3	-549.4	-499.1	-470.8	n.a.
Avg. Gasoline Price <sup>3</sup>	\$2.16	\$2.25	\$2.25	\$2.28	\$2.28
CPI-U All Items <sup>4</sup>	0.1%	0.3%	0.4%	n.a.	n.a.
Natural Gas Price <sup>5</sup>	\$1.34	\$1.32	\$1.22	\$1.19	\$0.45
Home Sales <sup>6</sup>	4.3%	32.7%	13.8%	n.a.	n.a.
<u>Quarterly Data</u>	<u>2019.2</u>	<u>2019.3</u>	<u>2019.4</u>	<u>2020.1</u>	<u>2020.2</u>
Gross Domestic Product <sup>7</sup>	1.7%	2.5%	1.4%	-5.8%	-34.0%
Personal Income <sup>8</sup>	4.1%	2.8%	2.8%	2.6%	12.0%
Wages and Salaries <sup>9</sup>	4.7%	3.2%	4.3%	2.4%	-5.7%
FHFA House Price Index <sup>10</sup>	5.0%	5.1%	5.0%	5.1%	4.3%

## United States Economic Indicators

<u>Monthly Data</u>	<u>Jun-20</u>	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Oct-20</u>
Unemployment Rate <sup>1</sup>	11.1%	10.2%	8.4%	7.9%	n.a.
Home Sales <sup>6</sup>	20.2%	24.7%	2.4%	n.a.	n.a.
S&P 500 <sup>11</sup>	5.4%	9.8%	19.6%	13.0%	13.4%
10-Year Note <sup>12</sup>	0.65	0.54	0.69	0.68	0.82
<u>Quarterly Data</u>	<u>2019.2</u>	<u>2019.3</u>	<u>2019.4</u>	<u>2020.1</u>	<u>2020.2</u>
Gross Domestic Product <sup>7</sup>	1.5%	2.6%	2.4%	-5.0%	-31.4%
Personal Income <sup>8</sup>	4.1%	3.5%	3.5%	3.2%	10.4%
Wages and Salaries <sup>9</sup>	5.0%	3.9%	4.5%	3.2%	-4.6%
Corporate Profits <sup>13</sup>	2.6%	-1.9%	1.2%	-8.0%	-17.9%

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. The quarterly, annualized real growth rate of the economy. Excludes inflation. Source: U.S. Bureau of Economic Analysis.
8. Year-over-year growth rate of personal income. Source: U.S. Bureau of Economic Analysis.
9. Year-over-year growth rate of wages and salaries paid to all payroll employees. Source: U.S. Bureau of Economic Analysis.
10. Source: Federal Housing Finance Agency.
11. Year-over-year growth rate of S&P 500 closing price. Data as of the first of the month. Source: Yahoo! Finance.
12. Source: Yahoo! Finance.
13. Year-over-year growth rate, domestic profits only. Source: U.S. Bureau of Economic Analysis.