



IFO NEWS STAND

A monthly glimpse at the state of the economy

- July 2018 -

Pennsylvania News

PA Ranks 19th in Real GDP Growth for 2018 Q1

On July 24, the U.S. Bureau of Economic Analysis released real GDP [data](#) for 2018 Q1. The data show that Pennsylvania ranked 19th in real GDP growth (2.0%) for the first quarter (quarterly annualized growth rate). Pennsylvania underperformed Virginia (2.4%), but outperformed New Jersey and Ohio (1.6%), Maryland (1.5%), West Virginia and Delaware (1.3%), and New York (1.1%). For the U.S., the rate was 2.0%.

New Tariffs Have Disparate Impacts on PA Counties

On July 6, the Wall Street Journal published an [analysis](#) based on a report from Moody's that computes the impact of new U.S. and Chinese tariffs. The analysis shows the share of the county economic output or GDP that will be affected by the tariffs. For example, the analysis finds that for Clinton County, tariffs may harm 29.5% of county GDP but may protect 3.1%. By contrast, 3.3% of Centre County GDP may be harmed and 3.4% may be protected.

PA Ranks 12th in Personal Income Growth for 2018 Q1

On June 21, the U.S. Bureau of Economic Analysis released Personal Income [data](#) for 2018 Q1. The data show that Pennsylvania ranked 12th across all states for year-over-year growth in Personal Income, with a growth rate of 3.7%. Pennsylvania underperformed New York (4.5%), but outperformed Maryland (3.5%), New Jersey (3.4%), Virginia (3.4%), Delaware (3.3%), Ohio (2.9%) and West Virginia (2.5%). The strong performance for the state was driven by robust total wage and salary growth (4.8%), which ranked 10th in the nation.

National News

Latest Estimate for 2018 Q2 U.S. Real GDP Growth is 4.5%

On July 18, the Federal Reserve Bank of Atlanta released its final [forecast](#) of GDPNow for 2018 Q2. The forecast projects the real growth rate of the U.S. economy based on various government data releases during the past three months. A preliminary growth rate will be released by the U.S. Bureau of Economic Analysis on July 27. Historically, the GDPNow forecast has been a reasonably accurate predictor of the actual GDP release. The underlying data show strong growth in U.S. exports and equipment investment by businesses.

U.S. Capital Gains Surged in Tax Year 2017

On June 26, the IRS released preliminary [data](#) for federal income tax returns filed for tax year 2017. The data show that capital gains increased by 41.4% across all filers. For filers with adjusted gross income (AGI) between \$100,000 and \$1 million, capital gains increased 44.9%. For filers reporting more than \$1 million of AGI, capital gains increased 32.2%. By comparison, the S&P 500 Index increased by 17.0% (annual average). The preliminary tax data exclude filers who requested an extension to file (typically upper-income taxpayers).