



IFO NEWS STAND

A monthly glimpse at the state of the economy

- June 2018 -

Pennsylvania News

New Data Show Strong PA Labor Market

On May 23, the U.S. Bureau of Labor Statistics released state and county [employment data](#) for the fourth quarter of 2017. These administrative data provide the final benchmark upon which all published state employment and wage income trends will be based. The data show a clear strengthening of the Pennsylvania labor market through 2017 in terms of net job gains. The average level of annualized net job gains during the year was as follows: Q1=56,400, Q2=60,150, Q3=61,760 and Q4=65,380. For the full year, total wages paid increased by 4.0% while the average wage paid increased by 2.9%.

PA Consumer Debt Increases Moderately in 2018 Q1

On May 17, the Federal Reserve Bank of New York released [consumer debt](#) data for the first quarter of 2018. On a year-over-year basis, the data reveal the following growth rates for total Pennsylvania consumer debt for the first quarter: student loans (5.0%), credit cards (4.7%), primary mortgages (1.8%), auto loans (1.2%) and home equity loans (-0.2%). Total consumer debt increased by 2.5%. By comparison, total debt of all U.S. consumers increased by 3.8%, driven by stronger growth for auto loans (5.3%) and primary mortgages (3.6%).

National News

U.S. Job Openings Exceed the Number of Jobless

On June 5, the Wall Street Journal reported that the seasonally adjusted number of [job openings](#) was 6.7 million in April, while 6.3 million Americans were unemployed that same month. The national unemployment rate for May was 3.8%, its lowest level since April 2000. Due to tight labor market conditions, many business owners claim they are struggling to find qualified employees to fill job openings and report upward pressure on wages and salaries.

U.S. Corporate Profits Increase 4.3% in 2018 Q1

On May 30, the U.S. Bureau of Economic Analysis released preliminary [data](#) for U.S. corporate profits for the first quarter of 2018. (See Table 1.12 from the hyperlink.) Total corporate profits increased by 4.3% on a year-over-year basis. If foreign profits and the profits of financial firms (e.g., banks and insurers) are excluded, then the profits growth rate increases to 5.8%. (See Table 6.16D.) Due to the federal corporate income tax cut, after-tax profits retained by corporations increased by 35.8% in the first quarter on a year-over-year basis.