



IFO NEWS STAND

A monthly glimpse at the state of the economy

- May 2018 -

Pennsylvania News

Philadelphia 2018: The State of the City

The PEW Charitable Trusts released a [report](#) on Philadelphia that shows bullish economic trends since the start of the year. The city accounts for roughly 12% of the total Pennsylvania population. Net job gains continue to increase at a faster rate than the nation as a whole and home sales increased for the sixth consecutive year. These factors produced stronger-than-anticipated revenues for wage, sales, business, property, and real estate transfer taxes. The report also discusses recent social and demographic trends for the city.

Pennsylvania 4th Quarter GDP for 2017

The U.S. Bureau of Economic Analysis released 4th quarter state GDP [data](#). For the entire year, the Pennsylvania economy expanded at a real rate of 1.8%, led by the mining (17.5%) and information (4.8%) sectors, while the arts-entertainment (-0.2%) and government (-0.5%) sectors contracted. Pennsylvania ranked 24th across all states, lagging behind West Virginia (2.6%) and Ohio (1.9%), but outperforming Delaware (1.6%), Maryland (1.5%), New York (1.1%) and New Jersey (0.9%).

National News

U.S. Jobless Rate Falls Below 4% for First Time Since Late 2000

An [article](#) from the Wall Street Journal discusses the April jobs report released by the U.S. Department of Labor and the factors that influenced the decline in the unemployment rate to 3.9%. The main factors mentioned include global competition, a recent decline in the size of the labor force and the retirement of baby boomers. The article also discusses the Federal Reserve's plan of action moving forward based on the report.

IRS Releases Preliminary U.S. Income Tax Data for 2016

For most states, income tax revenues came in far below projections for FY 2016-17, leading to large budget deficits. New federal income tax [data](#) provide insights regarding those unexpected shortfalls. Compared to the prior year, the federal tax data show broad declines across all non-wage income including capital gains (-11.7%), dividends (-4.7%), taxable interest (-2.6%), rent/royalties (-3.4%), sole proprietors/self-employed (-2.0%) and partnerships/S corporations (-1.1%). The broad decline was highly unusual given the solid economic growth for the U.S. and most states. Some analysts believe income was shifted out of the year in anticipation of potential tax cuts.