



IFO NEWS STAND

A monthly glimpse at the state of the economy

- October 2018 -

Pennsylvania News

Early Data Show PA Economy Had Robust Growth in 2018 Q3

Four real-time data sources suggest that the Pennsylvania economy recorded robust growth for the third quarter of 2018. Based on [non-motor sales](#) tax collections, taxable consumer and business spending increased 8.3% compared to the prior year. The comparable figure for motor vehicle sales tax was 9.9%. The preliminary annual rate of net payroll job creation for the quarter was 68,000, compared to 62,900 in 2017 and 50,000 for 2016. Finally, tax remittances based on the taxable income of pass-through businesses (i.e., S corporations, partnerships and sole proprietors) increased by 14.3% in the third quarter. Official government statistics will not be released for the third quarter until December 20, 2018 (state personal income) and January 29, 2019 (state gross domestic product).

PA Social Security Payments to Increase by \$1.3 Billion in CY 2019

On October 11, the U.S. Social Security Administration announced that the [cost-of-living-allowance](#) (COLA) for calendar year 2019 would be 2.8%. For the 2.8 million Pennsylvania residents that currently receive some form of payment (includes retirees, spouses, children and disabled), the COLA translates into a \$1.3 billion increase in income, an average monthly gain of roughly \$40 per recipient. COLAs for the three previous years were as follows: 2016 (0.0%), 2017 (0.3%) and 2018 (2.0%).

National News

U.S. Treasury Posts \$779 Billion Deficit for FFY 2018

On October 15, the U.S. Treasury [Monthly Treasury Statement](#) showed an official federal deficit for federal fiscal year (FFY) 2018 of \$779 billion. The deficit is \$113 billion (17.0%) higher than FFY 2017. Total tax revenue was up \$14 billion (0.4%) from the prior year, constrained by a \$92 billion (-31.1%) decline in corporate net income tax. Spending was up \$127 billion (3.2%), driven by outlays for interest payments on debt, which increased by \$65 billion (14.1%) from the prior year.

U.S. Corporation Profits Grew by 5.5% in First Half of CY 2018

On September 27, the U.S. Bureau of Economic Analysis released [updated figures](#) for non-financial (excludes banks) domestic profits of U.S. corporations. The preliminary data show that profits grew by 5.5% for the first half of calendar year 2018. (See Table 6.16d.) These data exclude the decline in taxable profits due to firms that will claim federal 100% bonus depreciation. If bonus depreciation is included, then taxable profits fell by 11.0% for the first half of the year.