



IFO NEWS STAND

A monthly glimpse at the state of the economy

- March 2019 -

Pennsylvania News

PA Real Gross Domestic Product Expanded by 2.8% in 2018 Q3

On February 26, the U.S. Bureau of Economic Analysis released [state GDP](#) data for 2018 Q3. The data show that Pennsylvania real GDP expanded at a 2.8% rate for 2018 Q3, compared to 3.4% for the U.S. These growth rates exclude inflation. If inflation is included (nominal GDP), then the growth rates increase to 4.6% (PA) and 4.9% (U.S.). For the first three quarters of 2018, real PA GDP expanded by 2.0%, compared to 2.8% for the U.S. The figures for nominal GDP were 4.7% and 5.2%, respectively.

February Philadelphia CPI up 1.5% from Prior Year

On March 12, the U.S. Bureau of Labor Statistics released February [consumer price index](#) (CPI) data for the PA-NJ-DE-MD statistical area, which includes Bucks, Chester, Delaware, Montgomery and Philadelphia counties. On a year-over-year basis, the CPI-U increased 1.5%, led by gains in medical care (3.9%) and home furnishings (4.5%). Regional inflation was suppressed due to a drop in gas prices (-11.3%). Excluding consumer purchases related to energy, the CPI-U increase was 1.9%.

National News

Tight Labor Market Begins to Translate to Wage Gains

On March 8, the U.S. Department of Labor released [average hourly earnings](#) for U.S. production and non-supervisory employees (by industry) for February 2019. The latest data show that the average hourly wage was \$23.18, a 3.5% increase over the prior year. That increase is the strongest year-over-year increase since the end of the 2008-09 recession. Average growth rates for the last four calendar years were as follows: 2.1% (2015), 2.5% (2016), 2.3% (2017) and 3.0% (2018).

IRS Tax Refunds Down but Average Refund Up Slightly

On March 15, the IRS released the latest [tax refund statistics](#) for the 2019 filing season. Through March 9, the data show that the number (-3.3%) and dollar amount (-3.2%) of refunds processed are lower than last year, but the average refund of \$3,008 has increased (0.1%). For tax year 2016, PA filers received \$14.1 billion of federal tax refunds. Those refunds typically provide a boost to consumer spending and sales tax revenues in the spring.