










United States Economic Indicators

	<u>Feb-12</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb-13</u>	
Unemployment Rate The number of individuals unemployed divided by the labor force. ¹	8.3%	7.8%	7.9%	n.a.	
Monthly Net Job Gains (000s) Average net increase in payroll employment based on latest three months of data. ²	270.7	201.0	200.0	n.a.	
Advance Retail Sales Year-over-year growth rate of retail sales based on latest three months of data. Includes purchases of gas and motor vehicles. ³	6.5%	4.3%	4.5%	n.a.	
Residential Home Sales Year-over-year growth rate in residential home sales based on latest three months of data. ⁴	4.1%	12.0%	11.3%	n.a.	
Consumer Sentiment Index A diffusion index that reflects consumer optimism. A declining index signals increasing pessimism. ⁵	75.3	72.9	73.8	76.3	
Purchasing Managers Index (PMI) A diffusion index that reflects the relative health of the manufacturing sector. An index greater than 50 indicates that the sector is expanding. ⁶	52.4	50.7	53.1	n.a.	
Average Gas Price National average price for one gallon of unleaded gasoline. ⁷	3.58	3.31	3.31	3.67	
S&P 500 Index An index based on the stock prices of 500 top publicly traded corporations. Index values are from month end. ⁸	1,366	1,426	1,498	1,516	
Consumer Price Index (CPI - U) Year-over-year change in average price level. Includes outlays for energy. ⁹	2.9%	1.8%	1.6%	n.a.	

Sources:

1/ U.S. Department of Labor - Survey of Households.

2/ U.S. Department of Labor - Survey of Establishments.

3/ U.S. Department of Commerce.

4/ National Association of Realtors.

5/ University of Michigan - Survey of Consumers.

6/ Institute of Supply Management.

7/ Energy Information Administration.

8/ Standard and Poor's. (February 2013 is as of 2/27/13)

9/ U.S. Department of Labor - Bureau of Labor Statistics.

Pennsylvania Economic Indicators

	<u>Feb-12</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb-13</u>	
Unemployment Rate The number of individuals unemployed divided by the labor force. ¹	7.6%	7.9%	n.a	n.a.	▼
Monthly Net Job Gains (000s) Average net increase in payroll employment based on latest three months of data. ²	5.5	2.3	n.a.	n.a.	▼
Sales-Use Taxes Year-over-year growth rate of sales taxes based on latest three months of collections. Excludes motor vehicle sales taxes. ³	5.5%	3.0%	0.3%	1.6%	▼
Motor Vehicle Sales Taxes Year-over-year growth rate of motor vehicle sales taxes based on latest three months of collections. ³	24.8%	-3.3%	-1.8%	-4.1%	▼
Realty Transfer Taxes Year-over-year growth rate of realty transfer taxes based on latest three months of collections. Monthly residential sales data are not available at state level. ³	4.4%	28.2%	24.6%	13.9%	▲
Current Business Outlook Index A diffusion index that measures the current outlook of manufacturing firms in the third federal reserve district (PA, NJ, DE). A negative number indicates increasing pessimism. ⁴	5.0	4.6	-5.8	-12.5	▼
Average Gas Price Central Atlantic (PA, NY, NJ) average price for one gallon of unleaded gasoline. ⁵	3.65	3.52	3.51	3.74	▼
Consumer Price Index (PA-NJ-DE-MD) A measure of the average change in prices over the past year. Includes outlays for energy. Data are published on a bi-monthly basis. ⁶	2.2%	1.8%	1.8%	n.a.	▬

Sources:

1/ U.S. Department of Labor - Survey of Households.

2/ U.S. Department of Labor - Survey of Establishments.






3/ PA Department of Revenue.

4/ Federal Reserve Bank of Philadelphia.




5/ Energy Information Administration.

6/ U.S. Department of Labor. For non-release months, values held constant.

Quarterly United States Economic Indicators

	<u>2012.1</u>	<u>2012.2</u>	<u>2012.3</u>	<u>2012.4</u>	
Real Gross Domestic Product (GDP) The quarterly annualized growth rate of the U.S. economy. Excludes inflation. ¹	2.0%	1.3%	3.1%	0.1%	
Personal Income The year-over-year growth rate of U.S. personal income. Includes wages, interest, dividends, rents, pensions, business and transfer income. Includes any inflationary gains. ¹	2.9%	3.0%	3.3%	5.0%	
Corporate Profits The year-over-year growth rate of domestic and foreign profits of U.S. corporations. ¹	10.3%	6.7%	7.5%	n.a.	
FHFA House Price Index An index that measures the average price change of residential homes whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. Rate is the year-over-year change in the index. ²	0.7%	3.2%	3.9%	n.a.	
U.S. Delinquent Debt Share of consumer debt more than 90 days delinquent. ³	7.0%	6.7%	6.6%	6.3%	

Quarterly Pennsylvania Economic Indicators

	<u>2012.1</u>	<u>2012.2</u>	<u>2012.3</u>	<u>2012.4</u>	
Personal Income The year-over-year growth rate of PA personal income. Includes wages, interest, dividends, rents, pensions, business and transfer income. Includes any inflationary gains. ¹	3.0%	2.8%	3.0%	n.a.	
FHFA House Price Index An index that measures the average price change of residential homes whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. Rate is the year-over-year change in the index. ²	-0.1%	-0.1%	-0.3%	2.3%	
PA Delinquent Debt Share of consumer debt more than 90 days delinquent. ³	4.9%	5.1%	5.3%	5.6%	

Sources:

1/ U.S. Bureau of Economic Analysis. 2/ Federal Housing Finance Agency. 3/ Fed. Res. Bank of New York.

Snapshot: Impact of Increasing Income Taxes on Dividend Payments

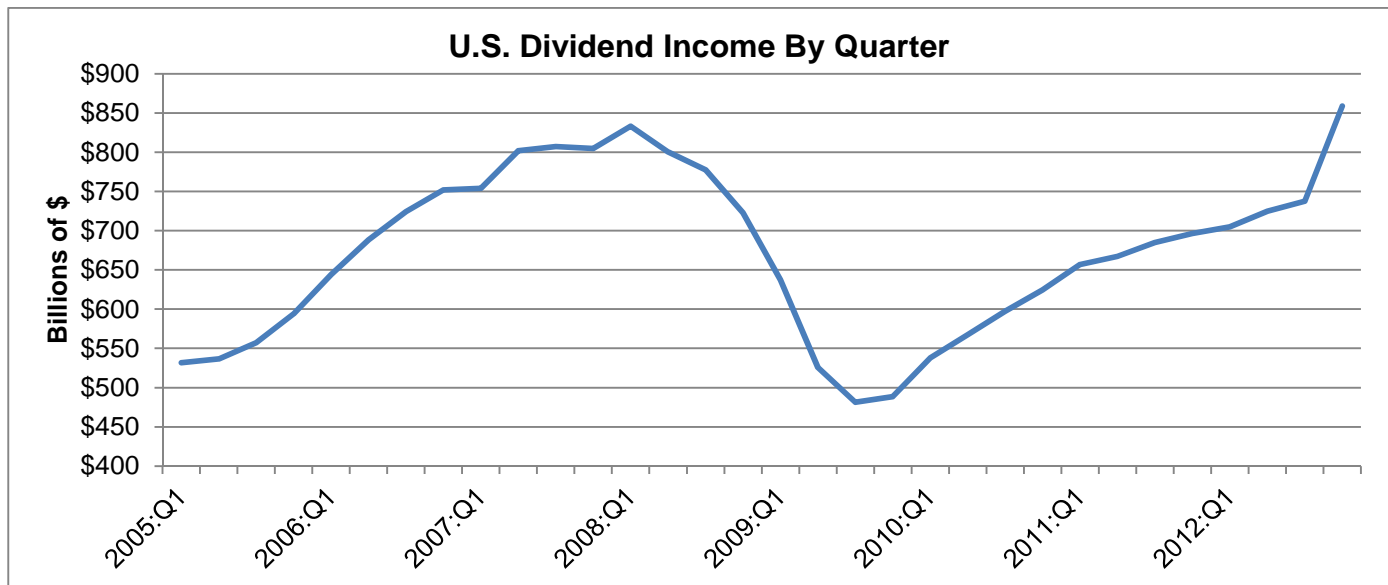
Over the past year, there has been discussion on how the increase in federal income taxes would impact the economy and more specifically the timing of dividend payments paid by corporations to their shareholders. Various media outlets reported anecdotal stories of corporations paying out dividend payments towards the end of 2012 that would have normally been paid in 2013 and future years in order to help wealthy shareholders avoid higher tax rates in 2013 and beyond. For example, in December 2012 Costco Wholesale Corp. borrowed \$3.5 billion to pay a special \$3 billion dividend equivalent to more than six years of quarterly dividends.¹

New data released by the Bureau of Economic Analysis (BEA) indicate that fourth quarter dividend payments were indeed much higher in 2012 compared to 2011. The graph below shows U.S. dividend income by quarter over the last eight years. As clearly illustrated in the graph, the fourth quarter of 2012 saw a relatively large jump in dividend income compared to the preceding three quarters. While the year-over-year growth rates for the first

three quarters of 2012 averaged 7.9 percent, the year-over-year growth rate for the fourth quarter was 23.3 percent.

At this point, it is unclear if this dramatic increase was due to (1) corporations pulling forward dividend payments from future years into 2012 or (2) corporations paying higher dividends to provide shareholders with an extra bump in dividend income prior to the tax rate increase. Recent headlines suggest that some companies are still increasing dividend payments by a healthy amount in 2013 over what they paid in 2012. For example, Wal-mart Stores Inc., Co-co-Cola Co., Wellpoint Inc. and Halliburton Co. all recently announced that they will be increasing dividend payouts in 2013 by 10 percent or more above 2012 levels.²

The next several months should provide clues on if this extra bump in dividend payments at the end of 2012 is just a pull-forward of dividends from 2013 and beyond or part of a longer-term trend of higher dividend payouts.



SOURCE: U.S. Bureau of Economic Analysis, "Table 2.1 Personal Income and Its Disposition," <http://www.bea.gov/>

¹ Jakab, Spencer. "U.S. Tax Bonanza May Be Tapped Out." The Wall Street Journal. January 6, 2013.

² Murphy, Maxwell. "Wal-Mart Joins February Dividend Boosters, Record Looms." The Wall Street Journal. February 21, 2013.