

Monthly Economic Report

April 2013



United States Economic Indicators

| | <u>Apr-12</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr-13</u> | |
|--|---------------|------------|------------|---------------|--|
| Unemployment Rate The number of individuals unemployed divided by the labor force. ¹ | 8.1% | 7.7% | 7.6% | n.a. | |
| Monthly Net Job Gains (000s) Average net increase in payroll employment based on latest three months of data. ² | 196.0 | 211.7 | 168.0 | 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 | 6.0% | 4.3% | 3.7% | n.a. | |
| Residential Home Sales Year-over-year growth rate in residential home sales based on latest three months of data. ⁴ | 7.7% | 10.4% | 9.8% | n.a. | |
| Consumer Sentiment Index A diffusion index that reflects consumer optimism. A declining index signals increasing pessimism. ⁵ | 76.4 | 77.6 | 78.6 | 76.4 | |
| 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 | 54.8 | 54.2 | 51.3 | n.a. | |
| Average Gas Price National average price for one gallon of unleaded gasoline. ⁷ | 3.90 | 3.67 | 3.71 | 3.57 | |
| S&P 500 Index An index based on the stock prices of 500 top publicly traded corporations. Index values are from month end. ⁸ | 1,398 | 1,515 | 1,569 | 1,594 | |
| Consumer Price Index (CPI - U) Year-over-year change in average price level. Includes outlays for energy. ⁹ | 2.3% | 2.0% | 1.5% | 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. (March 2013 is as of 3/28/13)

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

Monthly Economic Report

April 2013



Pennsylvania Economic Indicators

| | <u>Apr-12</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr-13</u> | |
|--|---------------|------------|------------|---------------|--|
| Unemployment Rate The number of individuals unemployed divided by the labor force. ¹ | 7.8% | 8.1% | 7.9% | n.a. | |
| Monthly Net Job Gains (000s) Average net increase in payroll employment based on latest three months of data. ² | 6.6 | 3.3 | -0.1 | 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 | 6.5% | 1.6% | 0.1% | -0.5% | |
| Motor Vehicle Sales Taxes Year-over-year growth rate of motor vehicle sales taxes based on latest three months of collections. ³ | 10.6% | -3.8% | -3.8% | -2.8% | |
| 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 | 11.7% | 16.9% | 15.3% | 13.2% | |
| 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 | 6.5 | -12.5 | 2.0 | 1.3 | |
| Average Gas Price Central Atlantic (PA, NY, NJ) average price for one gallon of unleaded gasoline. ⁵ | 3.93 | 3.74 | 3.73 | 3.58 | |
| 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 | 2.0% | 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 (2013.1 value is 2.5%) | 2.0% | 1.3% | 3.1% | 0.4% |  |
| 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 (2013.1 value is 2.5%) | 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% | 3.1% |  |
| 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% | 3.4% | 4.0% | 5.5% |  |
| 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% | 2.9% | 4.5% |  |
| 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: Consumer Savings

Recently, the stock and housing markets have recorded strong gains, increasing consumers' perceptions of their personal wealth. From March 2012 to March 2013, the S&P 500 index grew by 11.4 percent. The Federal Housing and Finance Agency's Housing Price Index grew by 5.5 percent from the fourth quarter of 2012 to the fourth quarter of 2013. These changes likely affect consumers' saving or spending decisions. Research suggests that for each \$1 change in stock market wealth, consumption rises or falls about 2.5 cents. Changes in housing wealth tend to have a greater effect on consumption. A \$1 decline in housing wealth leads to a 10 cent decline in consumption; whereas, a \$1 increase in housing wealth raises spending by 3.2 cents.¹

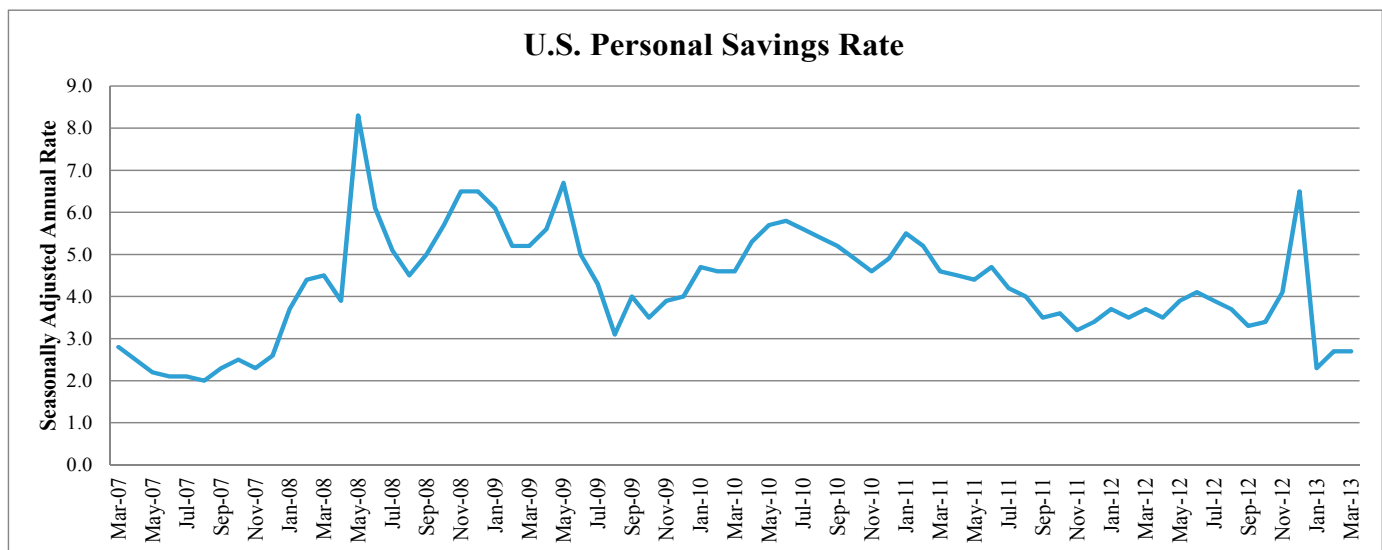
The Bureau of Economic Analysis publishes monthly data on the personal savings rate, personal income and personal consumption expenditures of U.S. consumers. The personal savings rate is measured as the ratio of personal savings to disposable personal income. Personal savings is personal income less the sum of personal outlays and current taxes. The personal savings rate captures the acquisition of assets such as housing and financial assets, but does not include changes in the value of existing assets.

In December 2012, the personal savings rate spiked at 6.5 percent. Despite 2.6 percent growth in personal income, consumers appeared unwilling to spend during this time period as the growth in personal consumption expenditures was flat from November to December 2012 (0.2 percent). The high savings rate coupled with modest spending indicates that consumers were uncertain over potential federal tax increases that would take effect in January.

In January 2013, the data show that consumers cut back on savings as the savings rate fell to 2.3 percent. Personal consumption expenditures rose slightly to 0.3 percent from December 2012, whereas personal income fell by 3.6 percent. Since personal income declined, consumers attempted to maintain their current spending levels by cutting back on savings.

By March 2013, the savings rate ticked up to 2.7 percent, while consumer spending experienced slight gains in February (0.7 percent) and March (0.2 percent). Due to the strong performance of the stock and housing markets, consumers may save less since they feel wealthier. The graph below displays the seasonally adjusted savings rate from March 2007 to March 2013.

¹See "Wealth Spending and the Economy," <http://economix.blogs.nytimes.com/2013/03/12/wealth-spending-and-the-economy/?hp> and "Wealth Effects Revisited: 1975-2012" at <http://www.nber.org/papers/w18667>.



Source: U.S. Bureau of Economic Analysis