

Monthly Economic Update

April 2020



Pennsylvania March Jobs Growth Flat

The U.S. Bureau of Labor Statistics recently released March [employment data](#) for Pennsylvania. Year-over-year total non-farm employment growth was essentially flat (0.1%, 6,200 jobs, not seasonally adjusted). The transportation-utilities (2.8%), financial activities (2.2%) and education-healthcare service (1.0%) industries had the largest employment gains. Mining-logging (-8.8%), leisure-hospitality (-2.2%) and wholesale trade (-1.9%) had the largest declines. However, the March employment data do not reflect the full impact of the COVID-19 pandemic. The U.S. Bureau of Labor Statistics data collection date (the week of March 12) occurred prior to enactment of most statewide measures to combat the outbreak. April employment figures (released May 22) will provide a more complete snapshot of the pandemic's impact on state employment.

Pennsylvania Initial UC Claims Remain High, Multiple Sectors Heavily Impacted

For the week ending April 11, the U.S. Department of Labor released state [data](#) that show that estimated initial claims for unemployment compensation (UC) remain high (238,357), but declined compared to the prior week (277,640; -14.1%). Pennsylvania's decline in initial claims does, however, falls short of the composite 50 state (and District of Columbia) decline (-19.8%). The Pennsylvania Department of Labor & Industry released [industry-specific data](#) the same day. Three industry groups comprised over 50% of the total initial claims submitted for the week: (1) trade, transportation, and utilities (22.6%), (2) education-healthcare services (16.7%) and (3) leisure-hospitality (15.9%). Continued claims show double-digit shares for six industries, with the largest shares in the trade, transportation, and utilities (19.3%) and construction (16.9%) sectors.

Pandemic Leads to Sharp Decline in Pennsylvania Business Startups

On April 8, the U.S. Census Bureau began releasing a [weekly state-level series on Business Formation Statistics \(BFS\)](#). This experimental series provides insight into the pandemic's impact on Pennsylvania entrepreneurial activity. The BFS tracks business applications for employer businesses as a measure of business formation, which acts as a leading indicator of state economic activity. During the period of March 8 through April 11, 2020 business applications fell 34.3% over the prior year in Pennsylvania, and 23.8% nationally. Business applications with an intent to pay wages fell by 46.2% over the prior year in Pennsylvania and 30.1% nationally. The year-over-year contraction in Pennsylvania new business applications is more severe than contractions realized during the Great Recession. While some of the decline in business applications may be due to entrepreneurs simply delaying business formation due to concerns over the pandemic, others may reflect a permanent loss in economic activity.

U.S. Consumer Prices Decline in March

A recent [WSJ article](#) highlights the impact of COVID-19 on March consumer prices. The [U.S. Bureau of Labor Statistics](#) reported that the CPI-U dropped 0.4% in March (seasonally adjusted) compared to the prior month. The energy (-5.8%), apparel (-2.0%) and transportation services (-1.9%) categories recorded the largest declines. Despite the suspension of restaurant dine-in service, the food away from home category increased 0.2%. U.S. oil prices were also impacted by the pandemic and business closures; prices recorded an unprecedented monthly decline (-54%). Excluding the volatile food and energy categories, March consumer prices declined 0.1% from February.

Pennsylvania Economic Indicators

<u>Monthly Data</u>	<u>Dec-19</u>	<u>Jan-20</u>	<u>Feb-20</u>	<u>Mar-20</u>	<u>Apr-20</u>
Unemployment Rate ¹	4.6%	4.7%	4.7%	6.0%	n.a.
Net Job Gains (000s) ²	35.4	42.1	60.8	6.2	n.a.
Avg. Gasoline Price ³	\$2.60	\$2.64	\$2.53	\$2.35	\$2.08
CPI-U All Items ⁴	2.4%	2.5%	2.6%	n.a.	n.a.
Natural Gas Price ⁵	\$1.81	\$1.65	\$1.60	\$1.37	\$1.26
Home Sales ⁶	8.7%	10.6%	n.a.	n.a.	n.a.
<u>Quarterly Data</u>	<u>2019.1</u>	<u>2019.2</u>	<u>2019.3</u>	<u>2019.4</u>	<u>2020.1</u>
Gross Domestic Product ⁷	3.3%	1.7%	2.1%	2.1%	n.a.
Personal Income ⁸	5.0%	5.2%	4.0%	3.8%	n.a.
Wages and Salaries ⁹	4.6%	4.7%	3.5%	4.3%	3.7%
FHFA House Price Index ¹⁰	5.6%	5.1%	5.1%	4.9%	n.a.

United States Economic Indicators

<u>Monthly Data</u>	<u>Dec-19</u>	<u>Jan-20</u>	<u>Feb-20</u>	<u>Mar-20</u>	<u>Apr-20</u>
Unemployment Rate ¹	3.5%	3.6%	3.5%	4.4%	n.a.
Home Sales ⁶	13.1%	7.0%	5.4%	n.a.	n.a.
S&P 500 ¹¹	28.9%	19.3%	6.1%	-8.8%	-2.4%
10 Year Note ¹²	1.92	1.52	1.13	0.70	0.65
<u>Quarterly Data</u>	<u>2019.1</u>	<u>2019.2</u>	<u>2019.3</u>	<u>2019.4</u>	<u>2020.1</u>
Gross Domestic Product ⁷	3.1%	2.0%	2.1%	2.1%	n.a.
Personal Income ⁸	4.6%	4.7%	4.2%	4.1%	n.a.
Wages and Salaries ⁹	5.0%	4.8%	4.1%	4.5%	n.a.
Corporate Profits ¹³	-2.4%	-1.1%	-3.7%	-0.3%	n.a.

Notes:

1. Source: U.S. Bureau of Labor Statistics- Survey of Households.
2. Year-over-year increase in payroll employment. Source: U.S. Bureau of Labor Statistics- Survey of Establishments.
3. Average price for one gallon of regular gasoline. Source: U.S. Energy Information Administration.
4. Annual change in average price level for U.S. and PA-NJ-DE-MD. Source: U.S. Bureau of Labor Statistics.
5. Price is weighted average from major Pennsylvania gas hubs. Unit is dollars per MMBtu. Source: Bentek Energy.
6. Source: Zillow.
7. The quarterly, annualized real growth rate of the economy. Excludes inflation. Source: U.S. Bureau of Economic Analysis.
8. Year-over-year growth rate of personal income. Source: U.S. Bureau of Economic Analysis.
9. Year-over-year growth rate of wages and salaries paid to all payroll employees. Source: U.S. Bureau of Economic Analysis.
10. Source: Federal Housing Finance Agency.
11. Year-over-year growth rate of S&P 500 closing price. Data as of the first of the month. Source: Yahoo! Finance.
12. Source: Yahoo! Finance.
13. Year-over-year growth rate, domestic profits only. Source: U.S. Bureau of Economic Analysis.