

Monthly Economic Update

August 2023



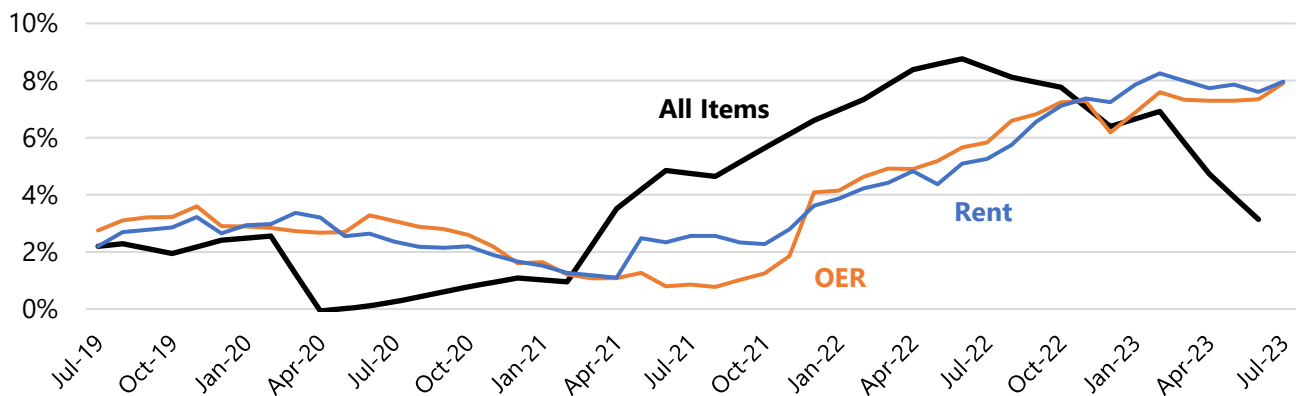
Housing Costs Apply Pressure to Overall Inflation

This update uses the latest Consumer Price Index (CPI) data for the Philadelphia metro region to track recent inflation trends. The All Items Philadelphia CPI-U is published on a bi-monthly basis, but four larger components that comprise half of the total CPI-U are published monthly. The metrics tracked (and CPI-U weight) are as follows (note: not all CPI-U components tracked; growth rates in table are year-over-year (YOY)):

- All Items CPI-U (100%) The CPI-U for the Philadelphia metro region. Published bi-monthly.
- All Items Less Energy (93.1%) Excludes the small, but volatile, energy component. Published bi-monthly.
- Rent of Primary Residence (5.5%) The cost to rent a primary residence. Rent rose 8.0% in July compared to last year and 0.9% over the prior month.
- Owner's Equivalent Rent (OER) (30.6%) For homeowners, the rental income foregone if the home had been rented. By far, the single largest CPI-U component. Excludes maintenance and property taxes. For July 2023, the OER component increased 7.9% from a year ago and 1.0% compared to June 2023.
- Food At Home (7.6%) Groceries purchased for off-premise consumption. Excludes dining out. Grocery prices rose 4.2% compared to July 2022 but declined slightly from the prior month (-0.2%).
- Energy (6.9%) Includes gasoline (2.7% weight), electricity and natural gas (3.6%) and other (0.6%) miscellaneous energy goods. For July 2023, energy prices (-10.6%) continue to fall due to the collapse in gasoline prices (-21.1%).

The four components published monthly comprise 50.6% of the All Items CPI-U and their weighted average YOY growth rate increased from 4.1% in June to 4.8% in July. If that trend continues into August, then the All Items CPI-U growth will likely accelerate from June (3.1%). Those data will be released September 13.

Increase in Housing Costs Applies Pressure to Overall Inflation



	Jul-19	Jul-20	Jul-21	Jul-22	Jan-23	Jul-23
All Items	2.2%	0.3%	4.7%	8.4%	6.7%	--
All Less Energy	2.6	1.2	3.8	6.4	6.5	--
Rent	2.2	2.4	2.6	5.3	7.9	8.0%
OER	2.8	3.1	0.9	5.8	6.9	7.9
Food At Home	2.3	3.7	-0.4	16.0	14.3	4.2
Energy	-0.2	-11.7	18.8	36.7	11.0	-10.6

Note: Year-over-year growth rates. OER is Owner's Equivalent Rent. Source: U.S. Bureau of Labor Statistics.

Pennsylvania Economic Indicators

<u>Monthly Data</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>
Unemployment Rate (U3) ¹	4.2%	4.1%	4.0%	3.8%	3.5%
Net Job Gains (000s) ²	156.2	153.8	153.6	157.3	143.1
Avg. Gasoline Price ³	\$3.41	\$3.55	\$3.57	\$3.57	\$3.63
CPI-U All Items ⁴	5.8%	4.7%	3.9%	3.1%	n.a.
Natural Gas Price ⁵	\$2.08	\$1.62	\$1.41	\$1.33	\$1.47
Number of Home Sales ⁶	0.0%	-1.9%	-2.0%	2.0%	-5.9%
SUT 3-Month Average ⁷	4.1%	4.6%	0.2%	1.5%	1.2%
PIT Withholding 3-Month Average ⁸	4.2%	3.7%	4.4%	4.6%	3.3%
<u>Quarterly Data</u>	<u>2022.2</u>	<u>2022.3</u>	<u>2022.4</u>	<u>2023.1</u>	<u>2023.2</u>
Gross Domestic Product ⁹	-0.9%	3.2%	3.2%	1.9%	n.a.
Personal Income ¹⁰	2.2%	3.5%	4.0%	5.1%	n.a.
Wages and Salaries ¹¹	9.5%	9.5%	5.9%	5.9%	n.a.
FHFA House Price Index ¹²	12.7%	9.6%	8.3%	4.8%	n.a.

United States Economic Indicators

<u>Monthly Data</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>
Unemployment Rate (U3) ^{1,13}	3.5%	3.4%	3.7%	3.6%	3.5%
Unemployment Rate (U6) ^{1,13}	6.7%	6.6%	6.7%	6.9%	6.7%
Number of Home Sales ⁶	-2.6%	-3.2%	0.2%	-3.3%	-2.2%
S&P 500 ¹⁴	-9.3%	0.9%	1.2%	17.6%	11.1%
10-Year Note ¹⁵	3.49	3.45	3.64	3.82	3.96
Leading Economic Index (LEI) ¹⁶	108.6	107.5	106.7	106.1	105.8
<u>Quarterly Data</u>	<u>2022.2</u>	<u>2022.3</u>	<u>2022.4</u>	<u>2023.1</u>	<u>2023.2</u>
Gross Domestic Product ⁹	-0.6%	3.2%	2.6%	2.0%	2.4%
Personal Income ¹⁰	3.2%	4.6%	5.1%	5.6%	5.5%
Wages and Salaries ¹¹	9.1%	9.0%	6.2%	5.7%	5.8%
Corporate Profits ¹⁷	5.5%	5.0%	1.2%	-3.0%	n.a.

Sources and 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 in the Central Atlantic region. 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: Natural Gas Intelligence.
6. Seasonally Adjusted Annual Rate. Pennsylvania figures represent northeast region. Source: National Association of Realtors.
7. Year-over-year growth rate of the 3-month average sales and use tax (SUT) collections. Source: PA Department of Revenue.
8. Year-over-year growth rate of the 3-month average personal income tax (PIT) withholding collections. Adjusts for transfers and payment date shifts. Source: PA Department of Revenue.
9. The quarterly, annualized real growth rate of the economy. Excludes inflation. Source: U.S. Bureau of Economic Analysis.
10. Year-over-year growth rate of personal income. Source: U.S. Bureau of Economic Analysis.
11. Year-over-year growth rate of wages and salaries paid to all payroll employees. Source: U.S. Bureau of Economic Analysis.
12. Source: Federal Housing Finance Agency.
13. The U3 (official) unemployment rate is total unemployed as a percent of the civilian labor force. The U6 rate includes the U3 unemployed plus those marginally attached to the labor force, discouraged workers and those working part-time for economic reasons.
14. Year-over-year growth rate of S&P 500 closing price for last trading day of the month. Source: Yahoo! Finance.
15. Source: Yahoo! Finance.
16. The LEI base year is 2016 (100) and lower values suggest a higher likelihood of slower economic growth. Source: The Conference Board.
17. Year-over-year growth rate, domestic profits only. Source: U.S. Bureau of Economic Analysis.