

Monthly Economic Update

January 2023



New UI Claims Return to Pre-COVID Levels

This economic update uses recent state labor market data to assess whether the Pennsylvania economy has slowed or entered into recession. Labor market data are informative because they are leading economic indicators published on a regular and timely basis, with short real-time lags. The five labor market metrics (seasonally adjusted except new UI claims) tracked for this update are as follows:

- **Change in Payroll Jobs (Establishment Survey)** The month-to-month change in payroll employment (excludes self-employed) based on total number of jobs. Payroll employment increased by 17,000 jobs in December from the prior month and continues to surpass the pre-COVID average monthly gain.
- **Change in Employment (Household Survey)** The month-to-month change in total employment (includes self-employed) based on number of residents working. The number of residents employed increased 10,800 in December from the prior month and continues to surpass the pre-COVID average monthly gain.
- **Job Openings** A measure of the unmet demand for labor. The pre-COVID average was 281,000 job openings in a typical month. The number of job openings in November increased 4.3% compared to October and remains well above pre-COVID average job openings. These data lag other labor market data by one month.
- **Initial Unemployment Insurance (UI) Claims** Average new weekly claims for unemployment compensation during the month. The average number of new claims increased to 14,600 in December 2022, meeting the pre-COVID average. (Note: these data are not seasonally adjusted and higher new claims occur in the winter when seasonal workers claim benefits.)
- **Labor Force Participation Rate (LFPR)** The share of state residents age 16 or older who work or actively seek employment. The LFPR returns to 61.7% and remains well below the pre-pandemic average (62.8%).

The latest monthly data show gains in initial UI claims and a solid increase in employment (payroll and self-employed). If monthly job gains continue, then that would be a strong indicator that the economy has likely not entered into recession. However, the UI claims data show a 36.4% increase from the same month in the prior year (not shown), which may suggest UI claims are returning to pre-COVID levels.

Pennsylvania Labor Market Indicators

	Pre-COVID	Calendar Year 2022						
		Jun	Jul	Aug	Sep	Oct	Nov	Dec
Change Payroll Jobs (000s)	5	19	29	9	13	12	12	17
Change HH Employment (000s)	5	17	12	5	10	8	-2	11
Job Openings (000s)	281	437	388	362	357	393	410	--
New UI Claims (000s)	14.5	9.2	7.9	6.7	6.4	8.1	12.0	14.6
Labor Force Participation Rate	62.8%	61.7%	61.7%	61.7%	61.7%	61.7%	61.6%	61.7%

Note: HH is household and UI is unemployment insurance. Data are seasonally adjusted except UI Claims. Pre-COVID figures are monthly averages during 2018 and 2019. Payroll Jobs exclude self-employed and independent contractors. November Job Openings and December Payroll Jobs, Household Employment and Labor Force Participation Rate data are preliminary.

Source: U.S. Department of Labor, Employment and Training Administration, Current Population Survey and U.S. Bureau of Labor Statistics.

Pennsylvania Economic Indicators

<u>Monthly Data</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>
Unemployment Rate ¹	4.2%	4.1%	4.0%	4.0%	3.9%
Net Job Gains (000s) ²	203.5	220.6	197.1	190.5	202.5
Avg. Gasoline Price ³	\$4.17	\$3.71	\$3.70	\$3.85	\$3.47
CPI-U All Items ⁴	8.1%	7.9%	7.8%	7.1%	6.4%
Natural Gas Price ⁵	\$7.86	\$6.52	\$4.56	\$4.04	\$4.98
Number of Home Sales ⁶	0.0%	-1.6%	-6.6%	-7.0%	-1.9%
PA Turnpike Traffic (cars) ⁷	-0.9%	-0.4%	-2.3%	-18.0%	n.a.
PA Turnpike Traffic (commercial) ⁷	4.6%	-0.4%	-2.6%	-1.2%	n.a.
<u>Quarterly Data</u>	<u>2021.3</u>	<u>2021.4</u>	<u>2022.1</u>	<u>2022.2</u>	<u>2022.3</u>
Gross Domestic Product ⁸	1.3%	8.4%	-1.1%	-0.9%	3.2%
Personal Income ⁹	2.1%	5.8%	-4.6%	2.3%	3.3%
Wages and Salaries ¹⁰	8.5%	8.3%	10.0%	9.6%	9.0%
FHFA House Price Index ¹¹	14.7%	13.5%	14.6%	12.9%	9.6%

United States Economic Indicators

<u>Monthly Data</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>
Unemployment Rate ¹	3.7%	3.5%	3.7%	3.6%	3.5%
Number of Home Sales ⁶	-0.8%	-1.5%	-5.9%	-7.9%	-1.5%
S&P 500 ¹²	-12.6%	-16.8%	-15.9%	-10.7%	-19.4%
10-Year Note ¹³	3.13	3.80	4.08	3.70	3.88
<u>Quarterly Data</u>	<u>2021.3</u>	<u>2021.4</u>	<u>2022.1</u>	<u>2022.2</u>	<u>2022.3</u>
Gross Domestic Product ⁸	2.7%	7.0%	-1.6%	-0.6%	3.2%
Personal Income ⁹	4.9%	6.9%	-3.5%	3.2%	4.1%
Wages and Salaries ¹⁰	10.6%	9.9%	10.9%	9.1%	7.9%
Corporate Profits ¹⁴	19.1%	25.5%	13.0%	5.5%	5.0%

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: Bentek Energy.
6. Seasonally Adjusted Annual Rate. Pennsylvania figures represent northeast region. Source: National Association of Realtors.
7. Year-over-year growth rate of monthly traffic counts based on entry data. Source: Pennsylvania Turnpike.
8. The quarterly, annualized real growth rate of the economy. Excludes inflation. Source: U.S. Bureau of Economic Analysis.
9. Year-over-year growth rate of personal income. Source: U.S. Bureau of Economic Analysis.
10. Year-over-year growth rate of wages and salaries paid to all payroll employees. Source: U.S. Bureau of Economic Analysis.
11. Source: Federal Housing Finance Agency.
12. Year-over-year growth rate of S&P 500 closing price. Data as of the first of the month. Source: Yahoo! Finance.
13. Source: Yahoo! Finance.
14. Year-over-year growth rate, domestic profits only. Source: U.S. Bureau of Economic Analysis.