

# Monthly Economic Update

July 2020



## **NYMEX Natural Gas Price at Lowest Level in Decades**

The average price of natural gas on the New York Mercantile Exchange (NYMEX), upon which the Pennsylvania impact fee is based, settled at \$1.50 for July. This is the lowest monthly price in over 20 years. The average price for 2020 through July is \$1.79, which is a 36.5% decline from the same period in 2019. In June, the IFO [projected](#) that if the average NYMEX price for 2020 settled below \$2.25, then impact fee collections would be \$147 million, a \$53 million (26.5%) decline compared to 2019. This would be the lowest amount of collections since the fee's inception in 2012. Low natural gas prices resulting from oversupply have been present for several years, as sustained regional and national production growth has outpaced record levels of demand. A mild winter and the COVID-19 pandemic have reduced demand for natural gas in 2020, which is causing prices to decline even further.

## **PA Reports Lower Confidence in Ability to Pay Mortgage than U.S. Average**

The U.S. Census Bureau's [Household Pulse Survey](#) contains survey data from July 2 to July 7 on current trends related to the COVID-19 pandemic. Pennsylvania households that held a mortgage reported that 83.2% paid the previous month's mortgage, which was lower than the national average (86.1%). A higher proportion of Pennsylvania households deferred their previous month's mortgage payment (6.5%) as compared to the nation as a whole (5.2%). Similarly, the percent of Pennsylvanians that have moderate to high confidence they will be able to pay next month's mortgage payment (80.6%) is lower than the nation (82.3%). Additional data from the Pulse Survey indicate that 24.3% of Pennsylvanians spent at least a portion of the federal stimulus payment on their mortgage, while 20.9% of recipients nationwide spent the stimulus payment on their mortgage.

## **Over 20 Percent of Households Used Stimulus Payments to Pay Down Debt**

Data from the U.S. Census Bureau's [Household Pulse Survey](#) from July 2 to July 7 detail how Americans spent or will spend their stimulus payment. Respondents reported multiple categories of spending, including food (59.3%), utilities and telecommunications (44.3%) and household supplies and personal care (43.6%). An estimated 20.7% of households reported using the stimulus payments to meet spending needs within seven days of being interviewed. One-fifth of households surveyed plan to use some or all of their stimulus payment to pay down debt and 11.8% of households plan to save or invest their stimulus payment.

## **Pennsylvania Unemployment Rate Declines to 13.0 Percent in June**

On July 17, the U.S. Bureau of Labor Statistics released the June state employment/unemployment [report](#). The percent of Pennsylvania's labor force that is unemployed (seasonally adjusted) fell to 13.0% from 13.4% a month earlier, due partly to a contraction in the size of the labor force. The unemployment rate continues to decline from a record high of 16.1% in April 2020. Pennsylvania nonfarm-payroll employment grew by an estimated 231,500 jobs (4.5%) since May. When compared to June 2019, nonfarm-payroll employment fell by 620,300 jobs (-10.2%) and the number of unemployed Pennsylvanians grew by 546,000 (198.4%). All industries experienced employment growth between May 2020 and June 2020, with the exception of the financial and government sectors which remained relatively flat. The largest growth was experienced by the leisure and hospitality industry, adding 76,100 jobs (26.7%) over May as restrictions were lifted and restaurants and entertainment venues reopened. The national unemployment rate was 11.1% in June, ranging from a high of 17.4% in Massachusetts to a low of 4.3% in Kentucky.

## Pennsylvania Economic Indicators

<b>Monthly Data</b>	<b>Mar-20</b>	<b>Apr-20</b>	<b>May-20</b>	<b>Jun-20</b>	<b>Jul-20</b>
Unemployment Rate <sup>1</sup>	5.8%	16.1%	13.4%	13.0%	n.a.
Net Job Gains (000s) <sup>2</sup>	-16.4	-1,065.1	-853.7	-620.3	n.a.
Avg. Gasoline Price <sup>3</sup>	\$2.35	\$2.06	\$2.03	\$2.16	\$2.25
CPI-U All Items <sup>4</sup>	1.2%	-0.1%	0.0%	0.1%	n.a.
Natural Gas Price <sup>5</sup>	\$1.37	\$1.43	\$1.31	\$1.33	\$1.15
Home Sales <sup>6</sup>	-7.1%	-16.9%	-13.0%	4.3%	n.a.
<b>Quarterly Data</b>	<b>2019.1</b>	<b>2019.2</b>	<b>2019.3</b>	<b>2019.4</b>	<b>2020.1</b>
Gross Domestic Product <sup>7</sup>	3.3%	1.7%	2.1%	2.1%	-5.6%
Personal Income <sup>8</sup>	5.0%	5.1%	4.0%	4.0%	2.9%
Wages and Salaries <sup>9</sup>	4.5%	4.6%	3.4%	4.6%	1.8%
FHFA House Price Index <sup>10</sup>	5.6%	5.0%	5.1%	4.9%	5.0%

## United States Economic Indicators

<b>Monthly Data</b>	<b>Mar-20</b>	<b>Apr-20</b>	<b>May-20</b>	<b>Jun-20</b>	<b>Jul-20</b>
Unemployment Rate <sup>1</sup>	4.4%	14.7%	13.3%	11.1%	n.a.
Home Sales <sup>6</sup>	-8.5%	-17.8%	-9.7%	20.7%	n.a.
S&P 500 <sup>11</sup>	-8.8%	-1.1%	10.6%	5.4%	8.2%
10-Year Note <sup>12</sup>	0.70	0.62	0.64	0.65	0.63
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Gross Domestic Product <sup>7</sup>	3.1%	2.0%	2.1%	2.1%	-5.0%
Personal Income <sup>8</sup>	4.6%	4.7%	4.2%	4.2%	3.2%
Wages and Salaries <sup>9</sup>	5.0%	4.8%	4.1%	4.8%	2.3%
Corporate Profits <sup>13</sup>	-2.4%	-1.1%	-3.7%	-0.3%	-9.1%

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. Seasonally Adjusted Annual Rate. Pennsylvania figures represent northeast region. Source: National Association of Realtors.
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.