

Monthly Economic Update

June 2021



National Wage Gains Surge

On May 28, the U.S. Bureau of Labor Statistics released [monthly data](#) on U.S. personal income (NIPA Table 2.6). For March and April (latest two months), the data show that wages-salaries grew by 1.0% each month relative to the prior month, which is very robust relative to historical averages. A portion of the strong wage growth was due to [employment gains](#), which were 0.5% for March and 0.2% for April. The residual growth is largely due to gains in the average wage paid, which grew by 0.5% and 0.8% respectively. If this rate of average wage gains occurred for an entire year, it implies that average wages would expand by 8.0% on a year-over-year basis. While strong, this implied growth rate is more remarkable because many jobs gained in March and April were likely at the lower end of the pay scale. Data for May will be released on June 25 and the IFO expects further wage gains due to tight labor market conditions in many sectors.

PA COVID-19 Job Loss Disproportionately Impacted Young and Female Workers

The U.S. Census Bureau recently released the [Quarterly Workforce Indicators dataset](#) for 2020 Q3. These data provide new detail on the type of workers who lost jobs during the COVID-19 pandemic. The table below displays these data based on age, gender and race of workers. Younger workers, women, and to a lesser extent, non-white workers experienced job loss disproportionate to their share of the Pennsylvania workforce. The most dramatic job loss occurred for workers aged 14 to 24, who experienced a decline of nearly 170,000 jobs (-22%) from the prior year. These workers represented 13% of the workforce in 2019 Q3, but 28% of the year-over-year (YOY) job loss in 2020 Q3. Women, representing 50% of the workforce in 2019 Q3, accounted for 55% of the YOY job loss in 2020 Q3. Additionally, non-white workers represented 17% of the Pennsylvania workforce in 2019 Q3, but 19% of the job loss in 2020 Q3. Traditional [continued unemployment compensation \(UC\) claims data](#) (excludes the Pandemic Unemployment Assistance (PUA) program) from August 2020 published by the Pennsylvania Department of Labor and Industry are relatively comparable to the share of job loss across the demographic characteristics of workers. Workers aged 14 to 24 (28% of job loss, but only 12% of UC claims) are an exception to this trend. Workers in this age group are often students and not typically primary earners in their households, which may explain the lower share of UC claims.

Pennsylvania COVID-19 Job Loss by Demographic Characteristic

	Age				Gender		Race ¹			
	14-24	25-44	45-64	65+	Male	Female	White	Black	Asian	Other
Job Loss (000s)	-170	-205	-182	-44	-267	-333	-486	-84	-18	-12
Share of Workforce	13%	41%	39%	7%	50%	50%	83%	12%	4%	2%
Share of Job Loss	28%	34%	30%	7%	45%	55%	81%	14%	3%	2%
Share of UC Claims	12%	44%	34%	9%	46%	54%	79%	17%	3%	1%

Note: Share of Workforce reflects workforce in 2019 Q3. Share of Job Loss reflects 2020 Q3. UC Continued Claims are average of August 2020. Shares may not sum to 100% due to rounding.

¹ Race reflects race alone and Other reflects all other races and workers of two or more races. For Share of UC Claims, the majority of workers who responded as Hispanic (8.6%) or Unknown (4.5%) when filing a UC claim were moved to the white category to align with U.S. Census Bureau methodology. Therefore, for Share of UC Claims, the share of white workers may be somewhat overstated while the shares for non-white categories may be understated.

Source: U.S. Census Bureau Quarterly Workforce Indicators Explorer, Pennsylvania Department of Labor and Industry.

Pennsylvania Economic Indicators

<u>Monthly Data</u>	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>
Unemployment Rate ¹	7.3%	7.4%	7.3%	7.4%	n.a.
Net Job Gains (000s) ²	-453.0	-438.1	-376.8	703.6	n.a.
Avg. Gasoline Price ³	\$2.47	\$2.63	\$2.87	\$2.86	\$3.01
CPI-U All Items ⁴	1.0%	1.0%	2.2%	3.5%	n.a.
Natural Gas Price ⁵	\$2.27	\$3.29	\$2.03	\$1.95	\$1.97
Number of Home Sales ⁶	-2.2%	-11.5%	-1.3%	-3.9%	n.a.
PA Turnpike Traffic (cars) ⁷	-27.6%	-35.1%	23.5%	165.9%	81.1%
PA Turnpike Traffic (commercial) ⁷	-1.6%	-4.9%	18.5%	41.6%	20.3%
<u>Quarterly Data</u>	<u>2020.1</u>	<u>2020.2</u>	<u>2020.3</u>	<u>2020.4</u>	<u>2021.1</u>
Gross Domestic Product ⁸	-5.8%	-34.0%	35.5%	3.7%	n.a.
Personal Income ⁹	2.5%	13.1%	9.0%	3.5%	n.a.
Wages and Salaries ¹⁰	2.2%	-6.2%	-1.0%	-0.3%	n.a.
FHFA House Price Index ¹¹	5.2%	4.7%	8.4%	11.0%	11.9%

United States Economic Indicators

<u>Monthly Data</u>	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>	<u>Apr-21</u>	<u>May-21</u>
Unemployment Rate ¹	6.3%	6.2%	6.0%	6.1%	5.8%
Number of Home Sales ⁶	0.2%	-6.3%	-3.7%	-2.7%	n.a.
S&P 500 ¹²	15.2%	29.0%	53.7%	43.6%	38.1%
10-Year Note ¹³	1.09	1.46	1.75	1.63	1.58
<u>Quarterly Data</u>	<u>2020.1</u>	<u>2020.2</u>	<u>2020.3</u>	<u>2020.4</u>	<u>2021.1</u>
Gross Domestic Product ⁸	-5.0%	-31.4%	33.4%	4.3%	6.4%
Personal Income ⁹	3.2%	10.7%	6.8%	4.7%	16.6%
Wages and Salaries ¹⁰	3.2%	-3.9%	0.3%	3.0%	4.0%
Corporate Profits ¹⁴	-8.0%	-17.9%	9.2%	3.6%	19.7%

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. 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.