

# Monthly Economic Update

November 2023

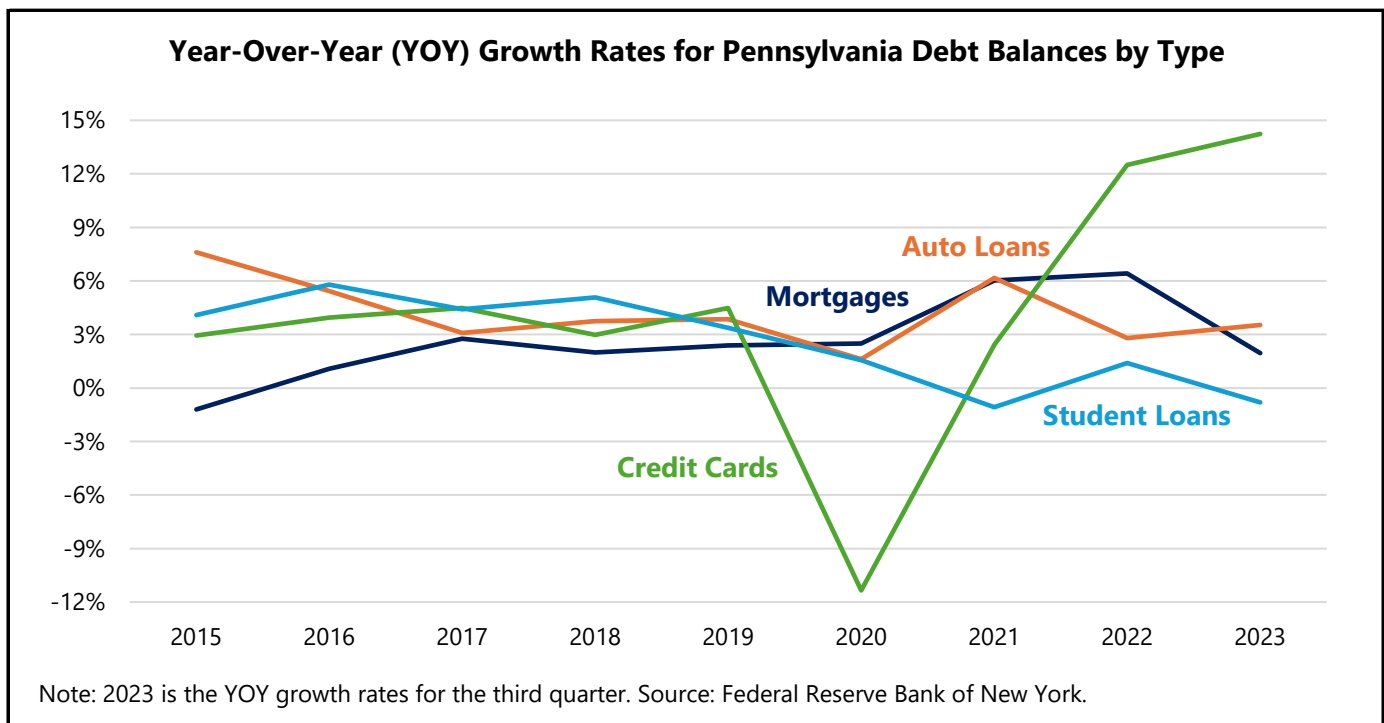


## Credit Cards Drive 3.0% Rise in Pennsylvania Consumer Debt

On November 7th, the Federal Reserve Bank of New York released its Report on Household Debt and Credit for 2023 Q3. The report includes per capita debt balances for the population of residents who have a credit report. Based on data for the third quarter, total Pennsylvania debt balances increased 3.0% from the prior year, somewhat slower than the U.S. (4.3%). The figure below displays the year-over-year (YOY) growth rates for credit card, auto loan, mortgage and student loan debt. The following trends were observed:

- Credit card debt declined significantly (-11.3%) in 2020 when households received stimulus payments to alleviate economic hardship due to the COVID-19 pandemic. However, the latest data show that contraction has completely reversed. After strong growth in 2022 (12.5%), credit card debt further accelerated through 2023 Q3 (14.2% YOY). Balances are now 12.4% higher than pre-pandemic.
- In 2021, higher prices hit the automobile market and contributed to a 6.2% growth in auto loan debt for Pennsylvania consumers, the strongest YOY increase since 2015. Since then, auto loan debt has continued to rise, albeit at a much slower pace. For 2023 Q3, auto loan debt grew 3.5% from the prior year.
- For 2023 Q3, Pennsylvania mortgage debt grew 2.0% from the prior year, while student loans declined slightly (-0.8%). Mortgages and student loan debt comprise nearly 75% of all consumer debt, and these categories have been relatively stable due primarily to (1) a slow housing market coupled with surging home prices (mortgages) and (2) the suspension of interest accrual during the COVID-19 pandemic federal moratorium (student loans).

These data suggest that while Pennsylvania consumer credit card and auto loan debt continue to expand, larger components of consumer debt (mortgages and student loans) are more stable. Recent articles have suggested that consumers are under stress due to high credit card balances and effective interest rates on balances (22.8%). National data do show a recent surge in the credit card delinquency rate to 9.4%, an increase of 1.8 percentage points from the prior year. While it is unclear whether these trends will impact the full holiday shopping season, Black Friday and Cyber Monday online sales were strong.



## Pennsylvania Economic Indicators

<u>Monthly Data</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>
Unemployment Rate (U3) <sup>1</sup>	3.8%	3.5%	3.5%	3.4%	3.4%
Net Job Gains (000s) <sup>2</sup>	157.3	142.8	152.6	149.9	129.2
Avg. Gasoline Price <sup>3</sup>	\$3.57	\$3.63	\$3.84	\$3.80	\$3.64
CPI-U All Items <sup>4</sup>	3.1%	3.5%	3.9%	3.7%	3.5%
Natural Gas Price <sup>5</sup>	\$1.33	\$1.47	\$1.16	\$1.31	\$1.24
Number of Home Sales <sup>6</sup>	-16.4%	-20.3%	-16.2%	-17.9%	-9.8%
SUT 3-Month Average <sup>7</sup>	1.5%	1.2%	1.5%	0.7%	-0.3%
PIT Withholding 3-Month Average <sup>8</sup>	4.6%	3.3%	4.6%	5.0%	5.3%
<u>Quarterly Data</u>	<u>2022.3</u>	<u>2022.4</u>	<u>2023.1</u>	<u>2023.2</u>	<u>2023.3</u>
Gross Domestic Product <sup>9</sup>	3.2%	3.2%	1.9%	n.a.	n.a.
Personal Income <sup>10</sup>	2.8%	3.4%	6.1%	5.8%	n.a.
Wages and Salaries <sup>11</sup>	8.4%	4.9%	6.6%	6.2%	n.a.
FHFA House Price Index <sup>12</sup>	9.5%	8.3%	5.3%	5.2%	n.a.

## United States Economic Indicators

<u>Monthly Data</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	<u>Oct-23</u>
Unemployment Rate (U3) <sup>1,13</sup>	3.6%	3.5%	3.8%	3.8%	3.9%
Unemployment Rate (U6) <sup>1,13</sup>	6.9%	6.7%	7.1%	7.0%	7.2%
Number of Home Sales <sup>6</sup>	-18.0%	-13.5%	-13.0%	-12.5%	-12.5%
S&P 500 <sup>14</sup>	17.6%	11.1%	14.0%	19.6%	8.3%
10-Year Note <sup>15</sup>	3.82	3.96	4.09	4.57	4.88
Leading Economic Index (LEI) <sup>16</sup>	106.1	105.8	105.4	104.6	103.9
<u>Quarterly Data</u>	<u>2022.3</u>	<u>2022.4</u>	<u>2023.1</u>	<u>2023.2</u>	<u>2023.3</u>
Gross Domestic Product <sup>9</sup>	2.7%	2.6%	2.2%	2.1%	5.2%
Personal Income <sup>10</sup>	4.2%	4.7%	5.8%	5.6%	4.8%
Wages and Salaries <sup>11</sup>	7.9%	5.2%	6.2%	6.8%	5.6%
Corporate Profits <sup>17</sup>	10.5%	7.6%	2.6%	-4.4%	-2.0%

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: Natural Gas Intelligence.
6. U.S. is the seasonally adjusted rate. Source: Redfin.
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.