

# Economic Forum

## February 2024

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# PA Economics: Recent Trends

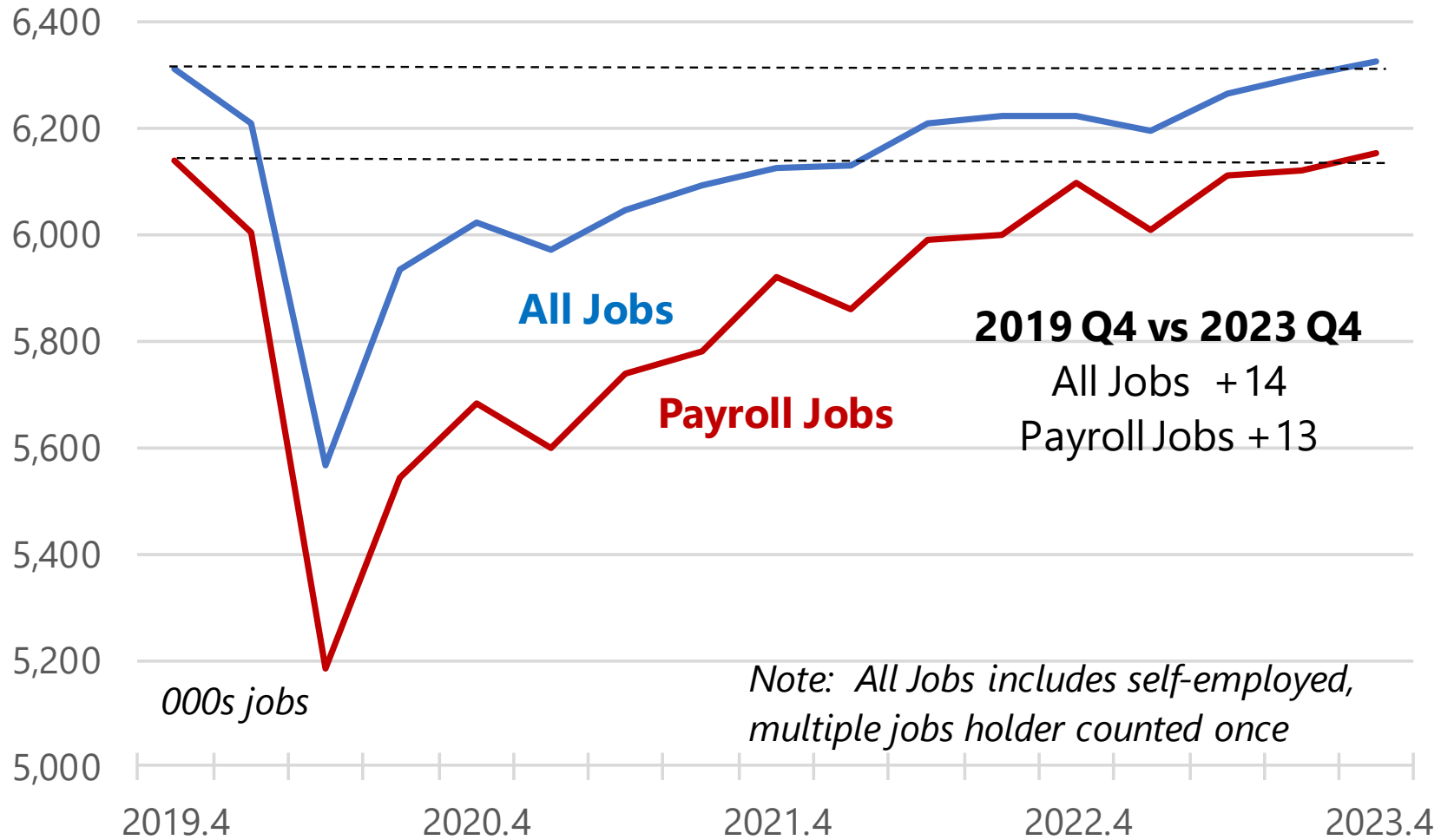
	2021	2022	2023.1	2023.2	2023.3	2023.4
Wages-Salaries Paid	7.3%	7.7%	6.4%	5.2%	4.3%	4.2%
Change Payroll Jobs (000s)	155	227	142	115	108	85
Philadelphia CPI-U	4.0%	7.9%	6.9%	3.9%	3.9%	3.7%
30 Year Mortgage Rate	2.96	5.34	6.37	6.51	7.04	7.30

Notes: All growth rates or change are year-over-year. Change Payroll Jobs for 2023 assumes a -30k revision to preliminary figures based on research published by Federal Reserve Bank of Philadelphia. Payroll Jobs excludes self-employed.

# PA Labor Market: Pre vs Post-Covid

	Pre 2019 Q4	Post 2023 Q4	Change Number	Change Percent
<b>Employment (000s)</b>				
Payroll Jobs (counts jobs)	6,142	6,155	+13	+0.4%
All Jobs (inc. self-employed)	6,314	6,327	+14	+0.2%
<b>Unemployment</b>				
Rate	4.5%	3.5%	-1.0 ppt	---
Number Unemployed (000s)	266	198	-68	-25.5%
<b>Population (000s)</b>				
Age 18-64	7,917	7,778	-139	-1.8%
Age 18-69	8,687	8,600	-87	-1.0%
Age 65+	2,362	2,537	+175	+7.4%
<p>Note: Employment data not seasonally adjusted, except Unemployment Rate. Payroll Jobs assumes a -30k revision to preliminary data based on research published by the Federal Reserve Bank of Philadelphia. All Jobs includes self-employed.</p>				

# Payroll Jobs Revert to Pre-Covid Levels



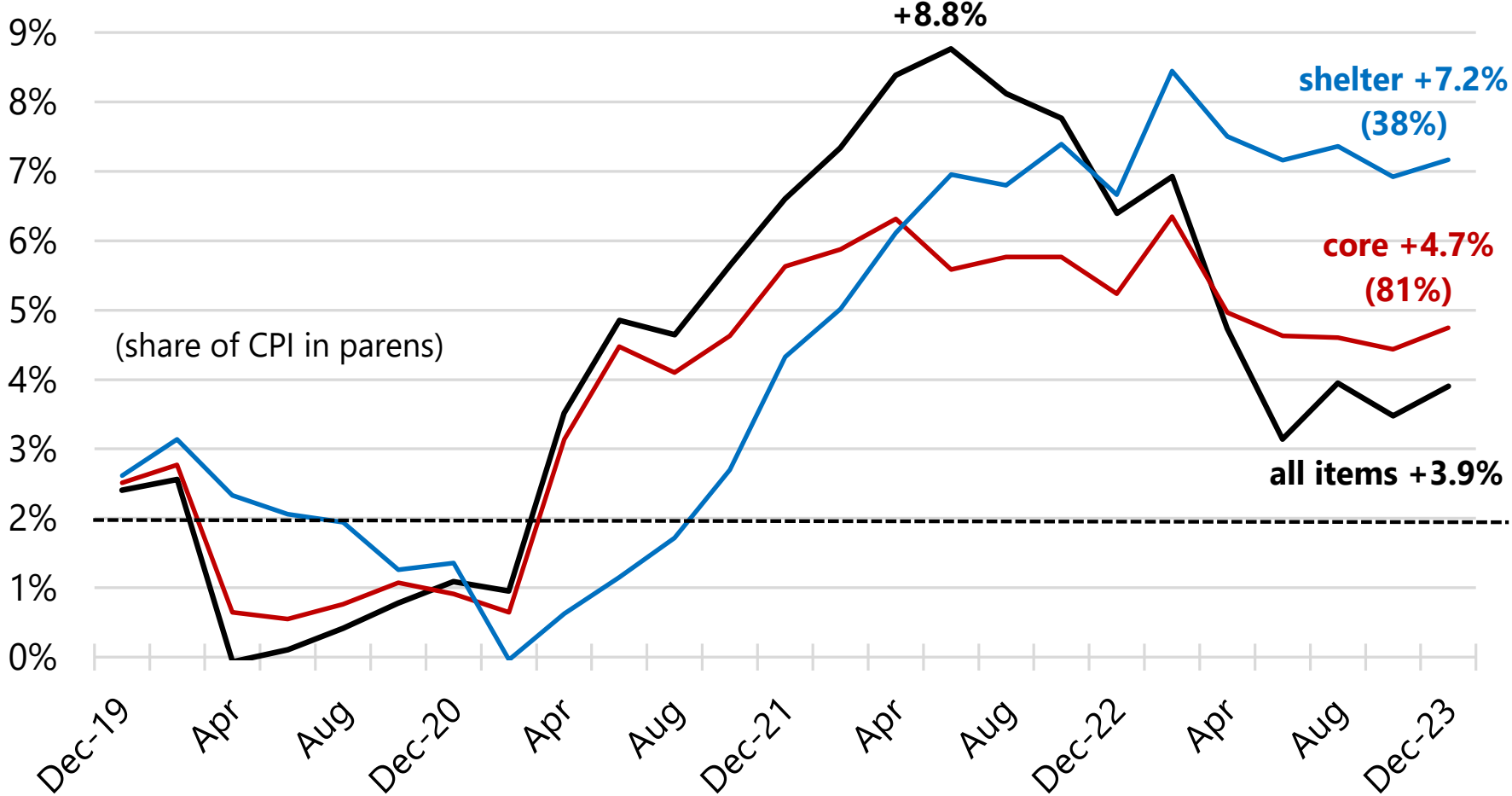
## Expansion (000s)

- Social Assistance\* +32  
(most is elderly-disabled services)
- Warehouse-Storage +23
- Comp System Design +10
- Home Health Care\* +9

## Contraction (000s)

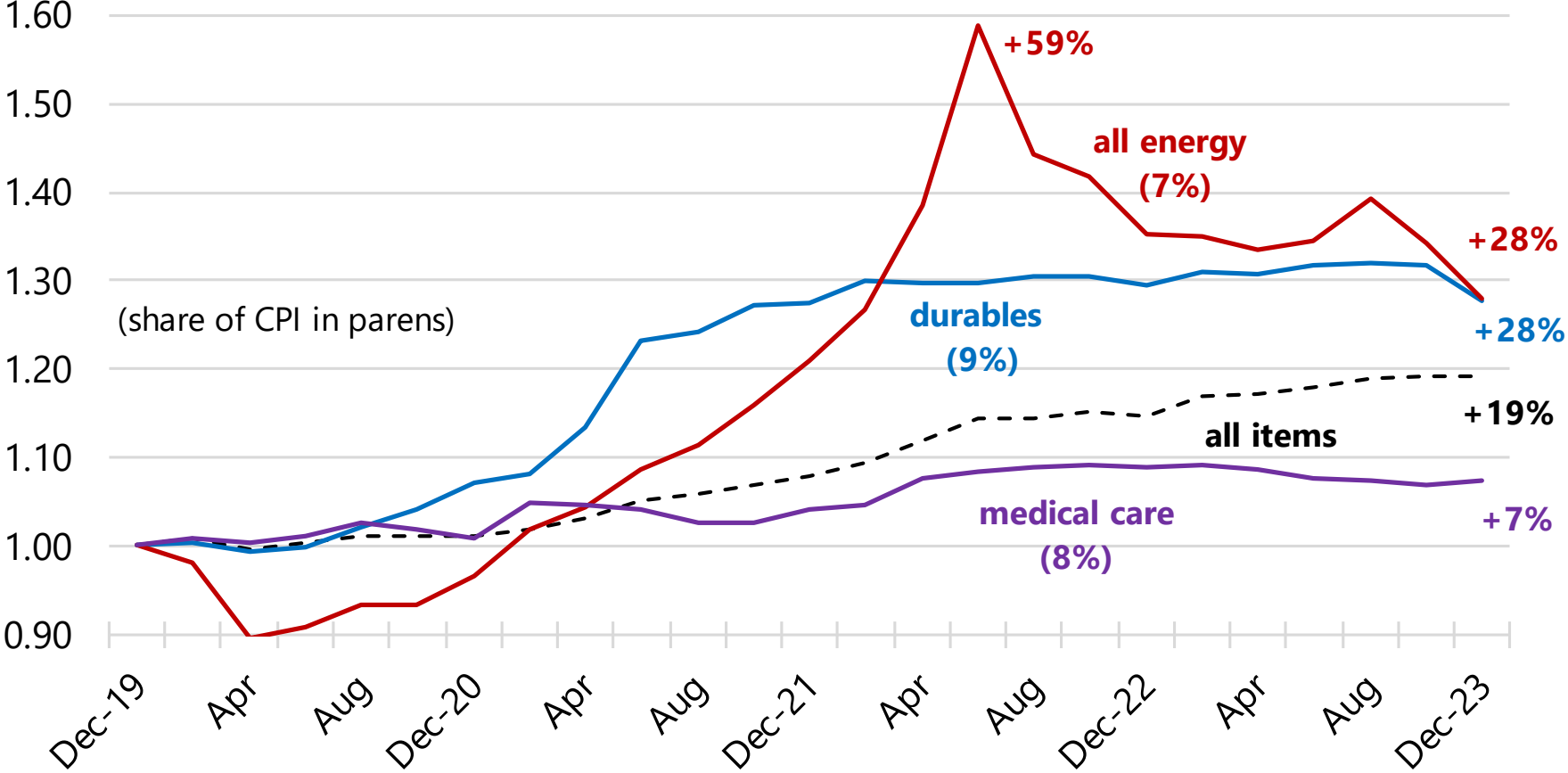
- Nursing Home\* -17
- Full Serve Restaurant -13
- Retail Sales -12

# Annual Growth Philly CPI-U



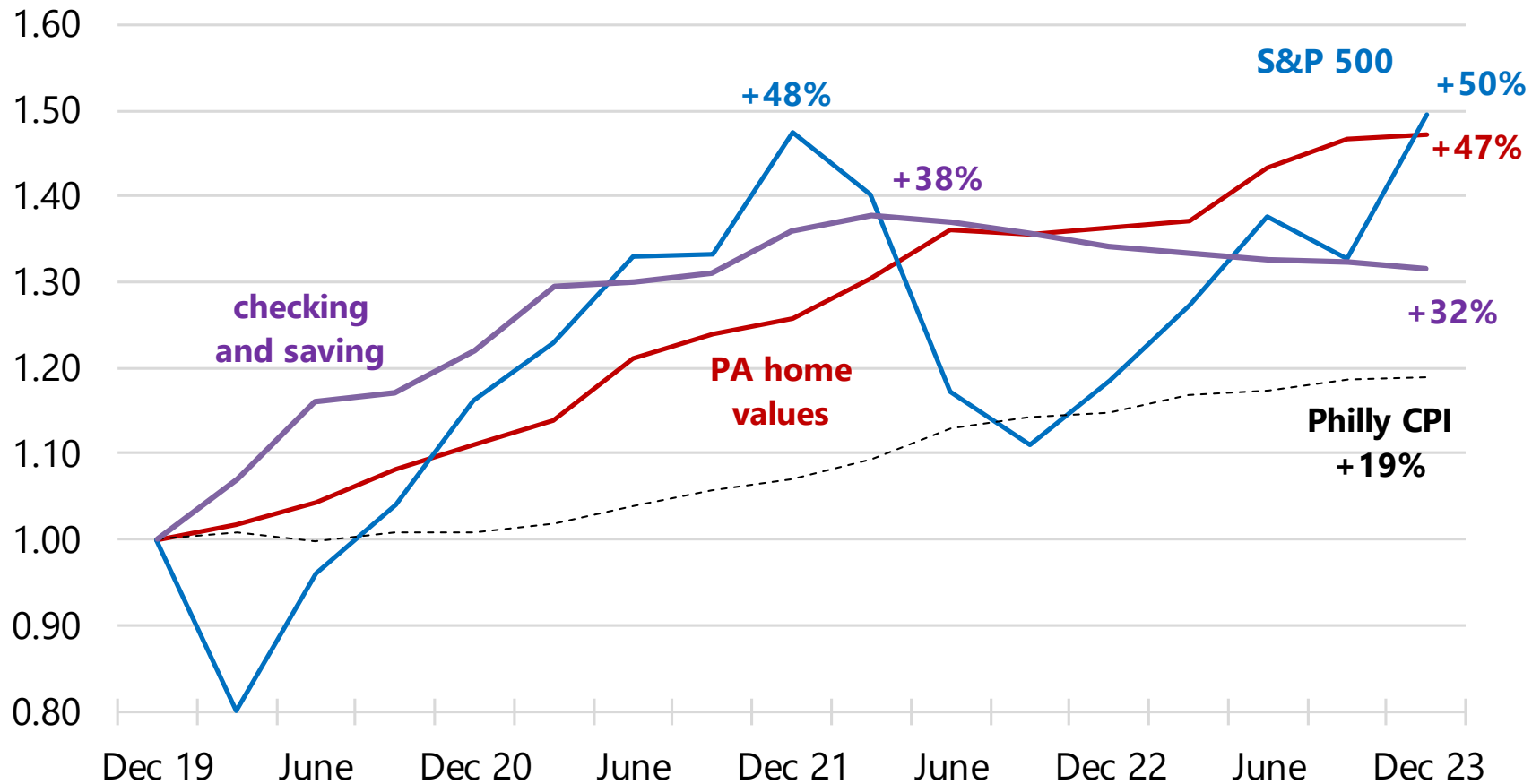
- Peaks June 2022 at 8.8%
- Core excludes food and energy
- Shelter continues to run very high
- Inflation to remain elevated in 2024 due to (1) lagging shelter component (2) no more energy and durable goods deflation

# Total Growth in Philly CPI-U



- Recent deflation not likely to be sustained
- Energy deflation since June 2022
- Gasoline, utility bills down (natural gas)
- Durable goods deflation in December
- Used cars down -12% since June 2022
- Medical care down -2% since Feb 2023

# Wealth Effects and Savings Support Consumers



- S&P 500 +48% Dec 2021; +50% Dec 2023
- Home Values +47%
- US Checking-Savings peaks in Mar 2022 +38%; falls to +32% Dec 2023

## Change by Income Decile

- Top 20%: up +40%
- Middle 20%: up +22%
- Bottom 20%: down -12%

# Downshift in Late Spring or Early Summer

## Labor Market

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Reversion to mean: create 30-40k jobs per annum

Wage growth approaching normal rate (~4%)

Greater reluctance to quit; softness in white collar jobs

## Consumers

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Remaining “excess” savings depleted for many

Student loan debt on-ramp ends in fall

Lagged effect of higher interest rates (mortgage rates, compounding)

## Federal

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Fiscal - on-going high deficits, borrowing demand

2024: \$10 trillion in debt matures or is new

Election uncertainty

Monetary: less liquidity as excess reserves at Federal Reserve depleted