

# Economic Forum

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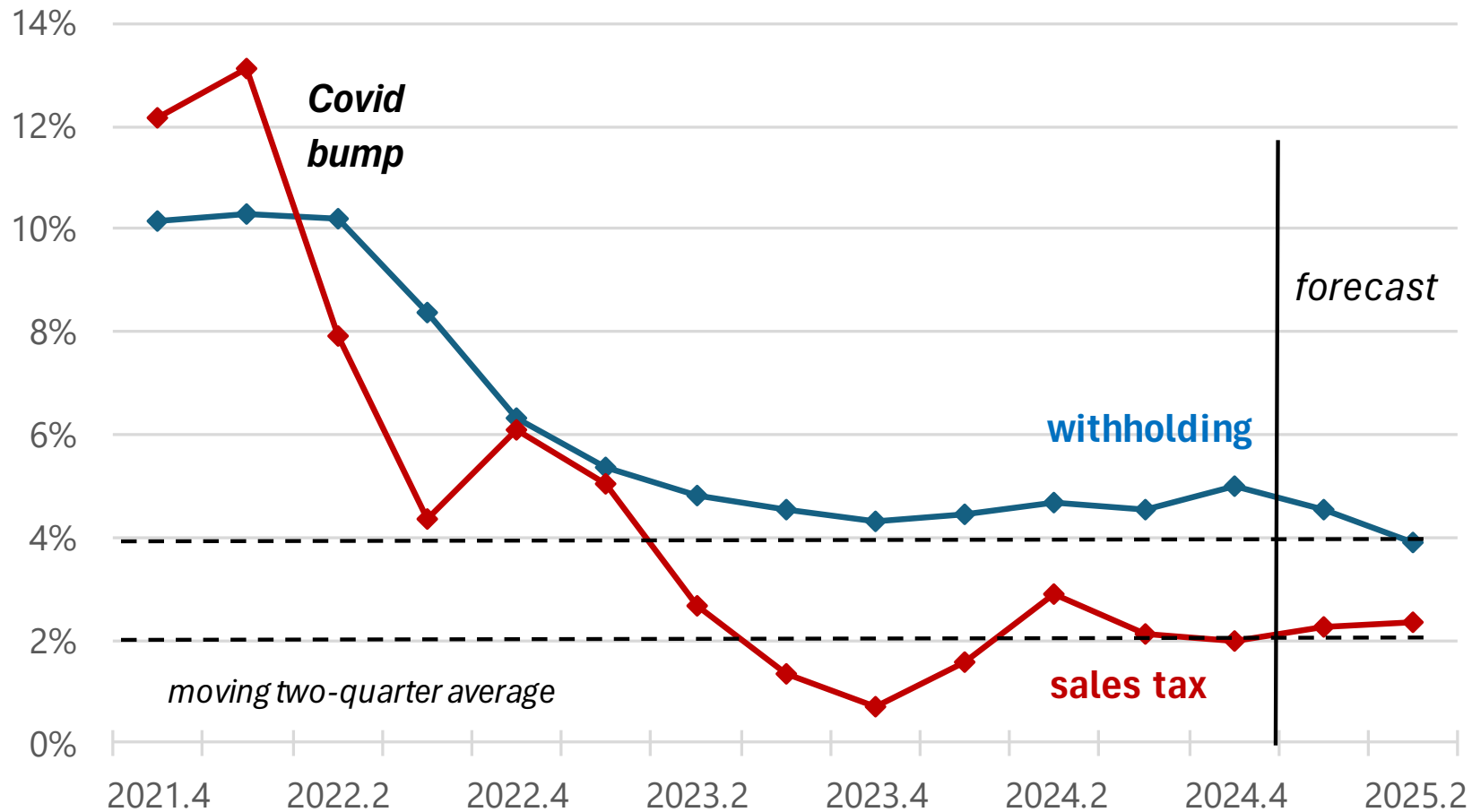
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# Latest PA Economic Trends

	YOY Growth Rate or Change			
	2024.1	2024.2	2024.3	2024.4
<b>Macroeconomics</b>				
Withholding Tax (Wages)	4.7%	4.6%	4.5%	5.5%
Philadelphia CPI-U	3.4%	3.8%	3.4%	3.3%
<b>Consumers</b>				
Sales Tax: Non-Motor Vehicle	4.3%	3.2%	1.6%	2.6%
Sales Tax: Motor Vehicle	-5.0%	-0.3%	0.9%	1.5%
Credit Card Debt	10.0%	8.7%	5.9%	4.5%
<b>Labor Market</b>				
Unemployment Rate	3.4%	3.4%	3.4%	3.5%
Change Payroll Jobs (000s)	72	90	104	106
Change Employment (000s)	78	87	52	-35
<p>Note: All growth rates or changes are year-over-year. Sales tax growth rates are pre-transfer. 2024 Q4 PA Credit Card Debt is an estimate based on U.S. data. Labor market data are seasonally adjusted. Employment includes self-employed; Payroll Jobs does not.            Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics and NYFRB.</p>				

# PA Economy Growing at “Normal” Rate



- Withholding + Sales Tax is 63% of all tax revenues
- Best real-time indicators of PA economy
- ~4% is normal withholding growth rate: 1% jobs + 3% pay raise
- ~2.5% is normal sales tax growth rate, some headwinds but strong wealth effects

# Pennsylvania Residential Mortgage Headwinds

	Mortgages (000s)	Refis (000s)	Avg Month. Payment	Avg Mort. Rate	Avg New Rate	PA Home Price Index
2019	1,866	92	\$1,251	4.6%	3.7%	233.3
2020	1,875	220	\$1,208	4.4%	3.0%	252.8
2021	1,880	247	\$1,249	4.1%	<b>2.9%</b>	289.1
2022	1,897	81	\$1,369	<b>4.0%</b>	5.6%	315.6
2023	1,918	34	\$1,455	4.2%	7.0%	339.5
2024	1,917	--	\$1,563	4.3%	6.5%	358.0
2019-21	1%		0%			24%
2021-24	2%		25%			24%

Note: Refi figures are for full year; other data are snapshots for Q3. Avg Monthly Payment includes escrow, if applicable. New Rates for new 30-year conventional loan. Avg Mortgage Rate is rate on all outstanding mortgages. Home Price Index for all homes, not just sales.  
Source: FHFA, Freddie Mac (new loans rate).

# General Fund Financial Statement

	22-23	23-24	24-25
Fiscal Year Revenues	\$44,917	\$45,473	\$46,048
Less Refunds	<u>-1,489</u>	<u>-1,986</u>	<u>-2,000</u>
Net Revenues	43,428	43,487	44,048
State Expenditures	-40,801	-44,865	-47,669
Adjustment for Lapses	<u>398</u>	<u>587</u>	<u>250</u>
<b>Fiscal Year Surplus/Deficit</b>	<b>3,025</b>	<b>-791</b>	<b>-3,371</b>
General Fund Ending Balance	8,085	6,632	2,935
Rainy Day Fund Ending Balance	5,129	6,250	7,191

Note: Millions of dollars. Includes adjustments to beginning balance and statutorily required transfer to Rainy Day Fund.

# Factors that Impact Revenue and Economic Outlook

## Tax Cuts and Jobs Act

- Expires end of year
- Behavioral responses possible if decisions delayed
- Payment shifting

## Federal Spending

- Significant cuts likely
- Medicaid spending down -11% for 2024 (~\$5.0 billion)

## Interest Rates

- Forecast: 10-year Treasury climbs to 5%
- 30-year mortgage above 7%
- Neither impacted by further cuts to Fed Funds

## Stock Market

- Slowdown in market, but no broad correction