

IFO NEWS STAND

Pennsylvania News

Natural Gas

The average price of natural gas on the New York Mercantile Exchange (NYMEX), upon which the Pennsylvania Impact Fee is based, settled at \$2.63 for calendar year 2019. This represents a 15% decline from the prior year, and the lowest annual NYMEX price recorded since 2016. In July, the IFO [estimated](#) that if the average NYMEX price for 2019 settled below \$3.00, then Impact Fee collections would decline by \$37 million compared to 2018. The IFO will release an updated projection of 2019 collections in late January.

Metro Unemployment Rates

A [recent brief](#) by the Federal Reserve Bank of Philadelphia compares unemployment rates in metropolitan statistical areas (MSAs) across the past three business cycles and explores factors that increase cyclical sensitivity. While national and state unemployment rates have reached historic lows, regional labor market conditions vary greatly across the United States. In April 2019, the U.S. unemployment rate was 3.6%, but ranged 14.5 percentage points across MSAs from a low of 1.3% in Ames, IA to 16.2% in El Centro, CA. The brief measures the cyclical sensitivity of metro area employment and finds that all of Pennsylvania's MSAs are relatively less sensitive to the business cycle than the national average. The Pennsylvania MSA least responsive to an economic downturn is State College due to its high share of employment in the education sector.

BEA Releases GDP by County

For the first time, the U.S. Bureau of Economic Analysis [released](#) county-level estimates of GDP from 2001 to 2018. In 2018, Philadelphia had the largest real GDP (\$110.7 billion) of all Pennsylvania counties, while Cameron County had the lowest real GDP (\$243.7 million). Between 2001 and 2018, Susquehanna (11.7% per annum), Sullivan (7.4%) and Bradford (6.1%) Counties had the highest real GDP growth. Lehigh County was the only county that registered an annual decline (-1.8%) in real GDP. Overall, Pennsylvania's real GDP (\$711.8 billion) grew by 1.6% per annum between 2001 and 2018.

National News

November Retail Sales

An [article](#) by the Wall Street Journal reports that November retail sales, excluding motor vehicle and gasoline sales, remained steady compared to October 2019. Within retail sales, the clothing, department store and sporting goods categories recorded notable declines in November. These categories are largely associated with holiday gift giving but it is noted that Thanksgiving fell later in November, resulting in eight less shopping days as compared to the prior year. Spending in bars and restaurants also realized a decline compared to the prior month. However, the article reports that online holiday sales increased by 14% over the prior year.

U.S. Demographic Trends May Limit Job Expansion

A December 18 [article](#) from the Wall Street Journal notes that the U.S. job market continues to exceed expectations, but demographic trends will likely cause the U.S. to run out of individuals to join the workforce. U.S. population growth has failed to meet projections as the fertility rate (2.1 per 100,000 in 2007; 1.7 in 2018), expected deaths (171,000 more from 2008-2018), and expected births (3.0 million fewer from 2008-2018) all miss projected marks. The article notes that the U.S. has traditionally held two demographic advantages over other developed nations, higher fertility and immigration rates, that are now both falling in line with international peers.