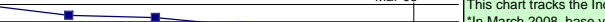



## Economic Forecasts

March 2008

Arrows (      ) indicate the change of the forecast over time, not the direction of the forecast itself.

United States		Updates per year	Last Update	Current GDP	2008 GDP		2009 GDP		2008 Consumer Price		Current Unemployment	2008 Unemployment		2009 Unemployment		
1	American Bankers Association, ABA — Forecast and Outlook	2	Jan-08	4th Quarter 2007 .6%	5.5%	↗	4.0%	↘	4.0%	↗	March 2008 4.9%	4.6%	↗	5.2%	↗	
2	economy.com — Précis: Metro/US	3	Jan-08		2.2%	↘	3.4%	↗	n/a	○		5.2%	↗	5.1%	↗	
3	FRB Philadelphia — Livingston Survey	2	Dec-07		N/A	N/A	2.9%	↗	2.6%	↗		4.6%	↗	4.8%	↗	
4	FRB Philadelphia — Survey of Professional Forecasters	4	Feb-08		1.8%	↘	2.8%	○	2.2%	⇒		5.1%	↗	5.1%	○	
5	National Association for Business Economics — NABE Outlook	4	Feb-08		1.8%	↘	2.9%	↗	2.5%	↗		5.2%	↗	5.2%	↗	
6	The Conference Board — U.S. Leading Indicator *	12	Mar-08	Level of Business Activity	Mar-08 102.0										This chart tracks the Indicator for the last 12 months. *In March 2008, base year data changed from 1996=100 to 2004=100, limiting the availability of historical data to 6 months.	

**Narrative:** After declining in February, two of the three composite indexes from the Conference Board increased in March. The leading index rose due largely to increases in vendor performance, real money supplies, and new orders for consumer goods and materials. Building permits, stock prices and consumer expectations were all down, indicating that the rise in March is likely to be temporary. The NABE panel expects the trade deficit to decline significantly in the first half of 2008, while their core inflation estimates for 2008 have risen from 1.9% to 2.0%. Moody's is predicting recession for the first half of 2008. Consumer and business expectations both remain weak for the first half of the year, while aggressive policy response to the recession is expected to spur a turnaround in late 2008. Housing and financial markets remain problematic nationwide.

Regional (U.S. Northeast) & Local (Phila. Metro)				Updates per Year	Last Update	Current GRP/GMP	2008 GRP/GMP (percent change)		2009 GRP/GMP (percent change)		2008 Personal Income Growth		2009 Personal Income Growth		2007 Net Migration (thousands)		2008 Net Migration (thousands)			
7	economy.com — Précis: Metro/NORTHEAST			3	Jan-08	N/A	N/A	○	N/A	○	2.8%	↘	3.9%	↘	-72.7	↘	-76.2	↘		
8	economy.com — Précis: Metro/Philadelphia			3	Jan-08	1.8%	1.7%	↘	2.8%	↗	2.8%	⇒	2.9%	↘	-6.5	⇒	-8.5	↗		
						Current (2007) Employment	2008 Employment		2009 Employment		Cost of Doing Business (U.S. = 100)		Current (2007) Unemployment		2008 Unemployment		2009 Unemployment			
7	economy.com — Précis: Metro/NORTHEAST			3	Jan-08	29,405	0.4%	↗	0.6%	↘	108	⇒	4.4%	4.9%	↗	4.7%	↗			
8	economy.com — Précis: Metro/Philadelphia			3	Jan-08	1,917	0.3%	↗	0.6%	↘	119	⇒	4.3%	4.8%	↗	4.6%	↗			
9	FRB Phila — Regional Employment Forecasts			4	Feb-08	N/A	0.5%	↘	-1.0%	↘	N/A	○	N/A	4.4%	↗	5.6%	↗			
						Leading Indicator	Mar-08 to Sep-08												This chart tracks the Indicator for the last 24 months.	
10	FRB Philadelphia — Business Outlook Survey			12	Mar-08		-0.5	↘												

**Narrative:** Housing in the Northeast contracted in late 2007 and early 2008, and prices are expected to continue their decline through 2008. Moody's baseline forecast predicts a peak-to-trough decline of 8%, compared to a 14% decline nationwide. The region's exposure to subprime lending is relatively low, and per-capita incomes remain high, both predictors of a softer recession for the area relative to the nation. High exposure to financial institutions, however, may affect the economic outlook of the region. Business investment is expected to continue to decline through 2008, affecting manufacturing and exports. Expiring patents and industry restructuring are likely to affect the health of the pharmaceutical industry, which represents a large proportion of business in the Northeast. In Philadelphia, manufacturers expect orders to continue declining through 2008 and that their spending will remain steady. Retailers have revised their sales expectations downward, and bankers see slow growth in lending. Philadelphia office vacancy rates have continued to fall, pushing rents up, however demand may fall off as tenants cut costs. Residential real estate will remain soft, despite increased buyer incentives.

1	American Bankers Association, ABA — Forecast and Outlook	This outlook delivers a one-year forecast for mostly banking-related indicators as well as general economic measures.
2,7,8	economy.com — Précis: Metro/US/Northeast/Philadelphia	These outlooks include five-year forecasts of eleven key indicators. There are separate tables for the US, the US-Northeast, and the Philadelphia area.
3,4,9,10	FRB Philadelphia	Federal Reserve Bank, 3rd district, Philadelphia — covers eastern Pennsylvania, southern New Jersey, and the state of Delaware.
3	FRB Philadelphia — Livingston Survey	The Livingston Survey was started in 1946 by the late columnist Joseph Livingston. It is the oldest continuous survey of economists' expectations. It summarizes the forecasts of economists from industry, government, banking, and academia.
4	FRB Philadelphia — Survey of Professional Forecasters	The Survey of Professional Forecasters is one of the oldest (since 1968) quarterly survey of macroeconomic forecasts in the US.
9	FRB Philadelphia — Regional Employment Forecasts	This is a regional indicator predicting job growth and unemployment rate one year from now.
10	FRB Philadelphia — Business Outlook Survey	The Business Outlook Survey is a monthly survey of manufacturers in the Philadelphia area indicating the change in expected business activity six months from now. The index represents a percentage of respondents predicting an increase.
5	National Association for Business Economics — NABE Outlook	The NABE Outlook presents the consensus of macroeconomic forecasts made by a panel of 37 professional forecasters from the membership of the National Association for Business Economics. The survey originated in 1965.
6	The Conference Board — U.S. Leading Indicator	The Leading Indicator gauges the whereabouts of the US economy in nine months.



# City Controller's Office Monthly Economic Snapshot (March)

31-Mar-08

## Total Non-Farm Employment (in thousands)

	Mar-08	Mar-07	Change	Feb-08
<b>City Total</b>	<b>661.5</b>	<b>662.6</b>	<b>-0.17%</b>	<b>662.1</b>
Manufacturing	27.6	28.3	-2.47%	27.5
Wholesale & Retail	63.3	63.7	-0.63%	63.2
Services	622.3	621.7	0.10%	623.1
Construction & Mining	11.6	12.6	-7.94%	11.5
<b>MSA Total</b>	<b>2804.5</b>	<b>2805.8</b>	<b>-0.05%</b>	<b>2789.8</b>
Manufacturing	217.1	224.6	-3.34%	217
Wholesale & Retail	431.5	438.9	-1.69%	429.2
Services	2465.6	2455.7	0.40%	2454.1

Source: BLS

## Unemployment Rate (%)

	Feb-08	Feb-07	Change	Jan-08
City	7.0	6.0	16.67%	7.0
MSA	5.2	4.5	15.56%	5.1
US	4.8	4.5	6.67%	4.9

Source: BLS

## City Tax Collections (millions)

Through 2/29/08	FY2008	FY2007	Change	% Budget
Sales	\$91.84	\$89.89	2.17%	67.6%
Wage/NPT/Earnings (City & PICA)	\$1,025.34	\$972.46	5.44%	65.9%
<b>Tot City &amp; PICA Tax Revs</b>	<b>\$1,623.10</b>	<b>\$1,611.94</b>	<b>0.69%</b>	<b>58.1%</b>

Source: Philadelphia Revenue Commissioner

## Office Availability Rate (%)

	1Q-08	1Q-07	Change	4Q-07
Central Bus. District	12.4	13.2	-5.47%	12.6
Philadelphia Suburbs	17.0	18.2	-6.28%	17.4

Source: CB Richard Ellis

## Demographic And Socio-Economic Snapshot 2006 (Population/Demographics - 2006 Census American Community Survey)

	Population	Male	Female	White	Af. Amer.	Asian	Other	Hispanic	Pov. Rate	Under 18	Over 65	Md Hse Inc
City of Philadelphia	1,448,394	46.78%	53.21%	41.83%	44.33%	5.30%	8.50%	10.46%	25.10%	25.58%	13.00%	\$ 33,229

**Highlights of Note:** Nationwide unemployment jumped in March as employers cut 80,000 jobs. This unexpectedly steep rise in national unemployment may be tied to the problems in the housing and financial markets, and is further indication that a serious economic downturn is underway. In Philadelphia, unemployment remained steady from the previous month at 7%, while the metro area saw a .1% increase. Regionally, the economy remains stable, largely due to resilient healthcare and education sectors. After a rough second half of 2007, residential real estate may be leveling off locally. The Philadelphia Sheriff's Office stopped April's foreclosure sales while city officials developed a plan to reduce owner evictions. Manufacturing in the region remained weak, with most firms cautiously optimistic about the 6-month outlook.

