



Economic Forecasts

September 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	Jun-08	3rd Quarter 2008 -1.1%	3.5%	↘	4.5%	↗	3.7%	↘	Aug 2008 6.1%	5.3%	↗	5.7%	↗		
2	economy.com — Précis: Metro/US	3	Jun-08		1.5%	↘	3.0%	↗	n/a	↗		5.4%	↗	6.0%	↗		
3	FRB Philadelphia — Livingston Survey	2	Jun-08		1.2%	↘	2.1%	↗	3.2%	↗		5.3%	↗	5.5%	↗		
4	FRB Philadelphia — Survey of Professional Forecasters	4	Aug-08		1.5%	↘	2.2%	↗	2.3%	↗		5.3%	↗	5.6%	↗		
5	National Association for Business Economics — NABE Outlook	4	Oct-08		1.2%	↘	2.2%	↘	4.2%	↗		5.4%	↗	6.0%	↗		
6	The Conference Board — U.S. Leading Indicator *	12	Aug-08	Level of Business Activity	Sep-08 100.8 ↘											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 11 months.	

Narrative: With the implosion of the credit markets and uncertainty about the effectiveness of the federal bailout efforts, economists are apprehensive about the coming year. While the Consumer Price Index was unchanged in September, economists expect it to drop in October in response to the trouble on Wall Street. Massive job losses in September similarly indicate unease in the short term, and economists expect further losses in the next three quarters. Two thirds of economists in the NABE Outlook Panel believe that a recession has begun, or will before the end of 2008. GDP growth over the next four quarters is expected to be low or negative. Dropping fuel prices, bottoming out of the housing market and improvements in the financial markets are expected to help pull the economy toward positive growth in the second half of 2009.

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	Jun-08	N/A	N/A	○	N/A	○	2.9%	↘	3.2%	↘	-82.1	↘	-99.9	↘
8	economy.com — Précis: Metro/Philadelphia			3	Jun-08	1.8%	1.2%	↘	1.7%	↗	3.2%	⇒	2.4%	↘	-8.5	⇒	-9.9	↗
						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	Jun-08	29,394	10.0%	↗	20.0%	↘	108	⇒	4.3%	5.1%	↗	5.6%	↗	
8	economy.com — Précis: Metro/Philadelphia			3	Jun-08	1,919	50.0%	↗	30.0%	⇒	119	⇒	4.4%	5.3%	↗	5.7%	↗	
9	FRB Phila — Regional Employment Forecasts			4	Jun-08	N/A	40.0%	↘	-2.0%	↘	N/A	○	N/A	4.9%	↗	5.7%	↗	
						Leading Indicator	Sep-06 to Sep-08										This chart tracks the Indicator for the last 24 months.	
10 FRB Philadelphia — Business Outlook Survey							30.8	↗										

Narrative: The local outlook is somewhat less dire than the national, although trouble lingers. Local manufacturing shows signs of improvement, with new orders and shipments up from August, while material costs have declined. The local real estate market may be near bottom (despite area home sales being down 21%), with economists giving a 2.1% chance that prices would be lower in the next two years, far lower than in most of the US. However, Mayor Nutter warned in September that the 5-year plan may be short up to \$450M (revised in October to between \$650M and \$850M), and called on all departments to cut budgets by 5%.

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 (September)

30-Sep-08

Total Non-Farm Employment (in thousands)

	Sep-08	Sep-07	Change	Aug-08
City Total	660.1	661.7	-0.24%	656.4
Manufacturing	27.2	27.9	-2.51%	27.2
Wholesale & Retail	64.6	64.4	0.31%	64.4
Services	620.8	620.3	0.08%	616.6
Construction & Mining	12.1	13.5	-10.37%	12.6
MSA Total	2809.5	2832.3	-0.80%	2796.7
Manufacturing	213.9	223.7	-4.38%	215
Wholesale & Retail	432.3	443.6	-2.55%	434.7
Services	2466.9	2471	-0.17%	2451.3

Source: BLS

Unemployment Rate (%)

	Aug-08	Aug-07	Change	Jul-08
City	8.0	6.2	29.03%	7.3
MSA	5.9	4.4	34.09%	5.6
US	6.1	4.6	32.61%	5.7

Source: BLS

City Tax Collections (millions)

Through 9/31/08	FY2008	FY2007	Change	% Budget
Sales	\$34.70	\$33.97	2.15%	24.9%
Wage/NPT/Earnings (City & PICA)	\$374.76	\$375.41	-0.17%	24.8%
Tot City & PICA Tax Revs	\$516.86	\$533.55	-3.13%	21.3%

Source: Philadelphia Revenue Commissioner

Office Availability Rate (%)

	3Q-08	3Q-07	Change	2Q-08
Central Bus. District	11.8	12.6	-6.59%	12.1
Philadelphia Suburbs	18.0	17.4	3.51%	17.5

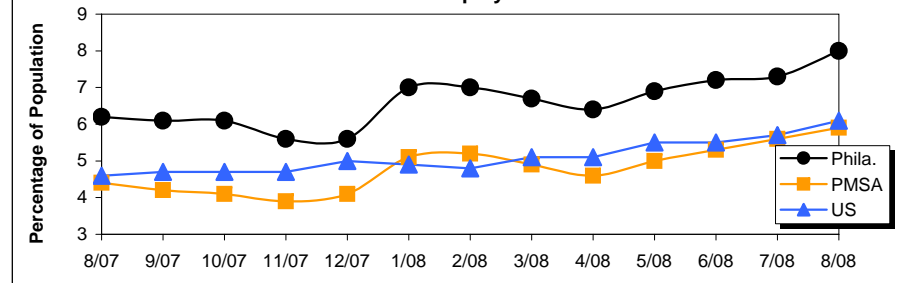
Source: CB Richard Ellis

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

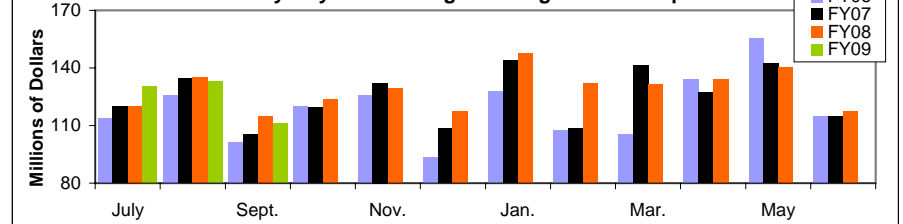
	Population	Male	Female	White	Af. Amer.	Asian	Other	Hispanic	Pov. Rate	Under 18	Over 65	Md Hse Inc
City of Philadelphia	1,448,394	46.78%	53.21%	41.83%	44.33%	5.30%	8.50%	10.46%	25.10%	25.58%	13.00%	\$ 33,229

Highlights of Note: The failures of a number of bank and financial institutions led to a severe tightening of credit, threatening to destabilize the economy. The Dow and the S&P 500 both dropped significantly (6% and 9%, respectively) in response. In an attempt to open lines of credit, Congress passed a \$700B rescue package to buy debt from banks. The national economy lost 159,000 jobs in September, the worst of nine consecutive months of losses. Retail sales continued to fall through September, and home-building fell 6.3%, to a 17 year low. Despite the gloomy outlook, consumer confidence was unchanged from August, and manufacturing orders rebounded slightly (0.8%). Locally, the national economic uncertainty is having an effect. Most importantly, the Mayor warned that, due to the downturn, the 5-year plan may be as much as \$450M short (in early October that number was revised to between \$650M and \$850M). Home sales in the area fell 21.1% in the third quarter, although prices seem to be holding. Manufacturing in the area improved, with the Fed's Diffusion Index up to 3.8 from -12.7 in August.

Historical Unemployment Rate



Monthly City & PICA Wage/Earnings/NPT Receipts



Monthly City Sales Tax Receipts

