

Office of the Controller

City of Philadelphia

Financial and Policy Analysis Unit

| Economic Forecasts | Мау | 2009 | | | | | | | | Arrow | /s(⇒ ⊘ | 9 O Q |) indicate the | e change of the forecast over time, not the direction of the forecast itself. |
|--|----------|--------|-------------------------------|--------------|----------|--------|----|----------------|----|------------------|--------------|-------|----------------|---|
| United States | Updates | Last | Current | 2009 | | 2010 | | 200 |)9 | Current | 20 | 2009 | | 2010 Unemployment |
| United States | per Year | Update | GDP | GDP | | GE | OP | Consumer Price | | Unemployment | Unemployment | | | |
| 1 American Bankers Association, ABA — Forecast and Outlook | 2 | Jun-08 | | 3.5% | ŝ | 4.5% | 2 | 3.7% | ŝ | | 5.3% | 7 | 5.7% | ⊘ |
| 2 economy.com — Précis: Metro/US | 3 | May-09 | 1st Quarter 2009 5.7% | -3.0% | ŝ | 1.4% | \$ | n/a | 0 | May 2009 9.4% | 9.1% | 2 | 9.6% | ⊘ |
| 3 FRB Philadelphia — Livingston Survey | 2 | Jun-09 | | -2.8% | Ŷ | 1.8% | S | -2.2% | ŝ | | 9.9% | 2 | 9.8% | ⊘ |
| 4 FRB Philadelphia — Survey of Professional Forecasters | 4 | May-09 | | -2.9% | ŝ | -1.1% | 8 | 2.1% | \$ | | 6.6% | 2 | 7.0% | 0 |
| 5 National Association for Business Economics — NABE Outlook | 4 | May-09 | | -9.0% | Ś | 3.1% | 7 | -0.8% | 0 | | 8.4% | 7 | 8.8% | 2 |
| 6 The Conference Board — U.S. Leading Indicator * | 12 | Jun-09 | Level of Business Activity | May 100.2 | -09 A | May-08 | | | | [May-09] | | | | This chart tracks the Indicator for the last 12 months. |

Narrative: The Organization for Economic Cooperation and Development, which tracks industrialized economies, revised upward its main growth forecasts for the first time in two years. The OECD revised its U.S. GDP estimates from a 4.0 percent contraction (in March) to a 2.8 percent contraction for the year. The organization forecasts 2010 growth at .9 percent, up from a previous forecast of zero growth. Other organizations are similarly revising expectations upward, with the American Bankers Assoc. saying the economy will return to growth in the third quarter. Despite the improved outlook, economists expect unemployment, a lagging indicator, to continue to rise. Recovering housing sales are leading to cautious optimism about the housing market, although economists are quick to caution that the housing recovery is very fragile.

| Regional (U.S. Northeast) & Local (Phila. Metro) | Updates per Year | Last Update | Current GRP/GMP | 2009 GRP/GMP (percent C change) | | change) Growth | | Income | 2010 Personal Income Growth | 2009 Net Migration (thousands) | 2010 Net Migration (thousands) | | |
|--|---------------------|----------------|------------------------------|---------------------------------------|---|----------------|--|--------|-----------------------------------|--------------------------------------|--------------------------------------|----------------------|---|
| 7 economy.com — Précis: Metro/NORTHEAST | 3 | May-09 | N/A | N/A | 0 | N/A | 0 | -0.3% | ŝ | 2.3% 🖄 | -94.1 🖉 | -65.0 | Ø. |
| 8 economy.com — Précis: Metro/Philadelphia | 3 | May-09 | 1.8% | -3.1% 🖄 | | -0.3% | 2 | 0.8% | Ŷ | 2.0% ⇔ | -5 🏼 🏳 | -4.5 | ⊘ |
| | | | Current (2009) Employment | 2009 2010 Employment Employm | | | Cost of Doing Business (U.S. = 100) | | Current (2009) Unemployment | 2010 Unemployment | | 2011 Unemployment | |
| 7 economy.com — Précis: Metro/NORTHEAST | 3 | May-09 | 28,547 | -3.0% | ŝ | -1.0% | 2 | 109 | Û | 8.6% | 9.3% 🖉 | 7.9% | 2 |
| 8 economy.com — Précis: Metro/Philadelphia | 3 | May-09 | 1,879 | -2.3% | ŝ | -5.0% | ⇔ | 105 | ŝ | 8.1% | 8.8% 🏼 🖓 | 7.3% | 2 |
| 10 FRB Philadelphia — Business Outlook Survey | 12 | Jun-09 | Leading Indicator | May to Ma -2.2 | | May-07 | | ┣╼╋╶┓ | | ay-08 | | May-09 | This chart tracks the Indicator for the last 24 months. |

Narrative: The Philadelphia Fed's Business Outlook Survey's broad indicators of future activity showed improvement in May. The future general activity index was positive for the fifth consecutive month. The indexes for future new orders and shipments also improved. For the first time in eight months, the percentage of firms expecting employment to increase over the next six months exceeded the percentage expecting declines (26% vs 16%). The future employment index jumped 22 points to its highest reading since last September. The six-month capital expenditure index showed a modest improvement, increasing for the second consecutive month. Still, the largest percentage of executives (45 percent) indicated that they expected increases in demand for their products were six months or more in the future. Twenty percent said four to five months; and 14 percent said in two to three months.

| 1 | American Bankers Association, ABA — Forecast and | This outlook delivers a one-year forecast for mostly banking-related indicators as well as general economic measures. | | | | | | | | | |
|----------|---|--|--|--|--|--|--|--|--|--|--|
| | Outlook | | | | | | | | | | |
| 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 (May) 31-May-09

| Total Non-Farm Employme | | Source: BLS | | |
|-------------------------|--------|-------------|----------------|--------|
| | May-09 | May-08 | Change | Apr-09 |
| City Total | 647.7 | 665.0 | -2.60% | 651.0 |
| Manufacturing | 24.9 | 27.5 | -9 .45% | 25.0 |
| Wholesale & Retail | 60.5 | 63.9 | -5.32% | 60.0 |
| Services | 612.1 | 625.4 | -2.13% | 615.7 |
| Construction & Mining | 10.7 | 12.1 | -11.57% | 10.3 |
| MSA Total | 2747.3 | 2835.2 | -3.10% | 2739.1 |
| Manufacturing | 204.2 | 215.9 | -5.42% | 204.1 |
| Wholesale & Retail | 416.4 | 433.8 | -4.01% | 414.1 |
| Services | 2434.2 | 2492.7 | -2.35% | 2427.8 |

Because of changes within the BLS, employment data is now released after the snapshot is published. Hereafter, employment data will lag two months behind the current month.

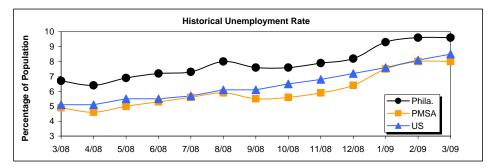
| Unemployment Rate (%) | | | | Source: BLS |
|-----------------------|--------|--------|--------|-------------|
| | Apr-09 | Apr-08 | Change | Mar-09 |
| City MSA | 9.1 | 6.4 | 42.19% | 9.6 |
| MSA | 7.6 | 4.6 | 65.22% | 8.0 |
| | May-09 | May-08 | Change | Apr-09 |
| US | 9.4 | 5.5 | 70.91% | 8.9 |
| US | , | 2.2 | | |

Because of changes within the BLS, local and regional unemployment data is now released after the snapshot is published. Hereafter, local and regional unemployment data will lag two months behind the current month.

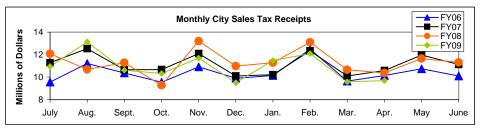
| City Tax Collections (millions) | Source: Philadelphia Revenue Commission | | | | | | | | |
|---------------------------------|---|------------|--------|----------|--|--|--|--|--|
| Through 05/31/09 | FY2009 | FY2008 | Change | % Budget | | | | | |
| Sales | \$109.11 | \$112.88 | -3.34% | 78.3% | | | | | |
| Wage/NPT/Earnings (City & PICA) | \$1,247.13 | \$1,290.57 | -3.37% | 82.6% | | | | | |
| Tot City & PICA Tax Revs | \$2,197.47 | \$2,278.39 | -3.55% | 90.6% | | | | | |

| Office Availability Rate (%) | Source: CB Richard Ellis | | | |
|------------------------------|--------------------------|-------|--------|-------|
| | 1Q-09 | 1Q-08 | Change | 4Q-08 |
| Central Bus. District | 13.0 | 12.4 | 4.74% | 12.2 |
| Philadelphia Suburbs | 20.4 | 17.0 | 19.69% | 19.1 |

Highlights of Note: The National Association of Realtors said that sales of previously occupied homes rose 2.4 percent from April to May, the third monthly increase this year. The group warned, however, that signs of a housing recovery are still fragile, noting that the increase fell just short of industry expectations and prices dropped 16.8 percent over the previous year. Pennsylvania's seasonally adjusted unemployment rate rose from 7.8 percent to 8.2 percent in May, trailing the national rate of 9.4 percent. Hardest hit were jobs in goods-production industries, while jobs in education and health services increased 1.9 percent. The Philadelphia Fed announced that its survey of regional businesses found that indicators of future activity improved notably again in May, suggesting that the manufacturing executives are more optimistic that a recovery will occur over the next six months. Locally, tax collections are below last year's numbers, but well within the forecasted range.







| 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 |