



Economic Forecasts

January 2009

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 | 2009 GDP | | 2010 GDP | | 2009 Consumer Price | | Current Unemployment | 2009 Unemployment | | 2010 Unemployment | | |
|---------------|--|------------------|-------------|-----------------------------------|---------------|---|----------|---|---------------------|---|--------------------------|-------------------|---|-------------------|---|---|
| 1 | American Bankers Association, ABA — Forecast and Outlook | 2 | Jun-08 | 4th Quarter 2008 -6.2% | 3.5% | ↘ | 4.5% | ↗ | 3.7% | ↘ | Jan 2009 7.6% | 5.3% | ↗ | 5.7% | ↗ | |
| 2 | economy.com — Précis: Metro/US | 3 | Jan-09 | | -1.7% | ↘ | 2.0% | ↘ | n/a | ○ | | 8.1% | ↗ | 8.9% | ↗ | |
| 3 | FRB Philadelphia — Livingston Survey | 2 | Dec-08 | | -2.2% | ↘ | 1.8% | ↗ | -2.2% | ↘ | | 6.8% | ↗ | 7.6% | ↗ | |
| 4 | FRB Philadelphia — Survey of Professional Forecasters | 4 | Nov-08 | | -2.9% | ↘ | -1.1% | ↘ | 2.1% | ↘ | | 6.6% | ↗ | 7.0% | ○ | |
| 5 | National Association for Business Economics — NABE Outlook | 4 | Nov-08 | | -9.0% | ↘ | 3.1% | ↗ | -0.8% | ○ | | 8.4% | ↗ | 8.8% | ↗ | |
| 6 | The Conference Board — U.S. Leading Indicator * | 12 | Feb-09 | Level of Business Activity | Jan-09 | | 99.5 | | ↗ | | | | | | | <p>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.</p> |

Narrative: The ongoing recession, which some economists are calling the worst since the Great Depression, will continue through 2009. Predictions for recovery vary, ranging from the beginning of 2010 to mid-2011; the bulk of economists see mid-2010 as the turning point. Unlike many previous downturns, this one has affected and will continue to affect a broad spectrum of industries and occupations. Continued job losses are expected across the country, with unemployment expected to peak at about 9%. Federal policies, including the Economic Stimulus bill, are unlikely to have an immediate effect. However, efforts at the federal level are likely to stave off further damage while money spent on infrastructure programs are likely to have a positive effect in the near-future.

| Regional (U.S. Northeast) & Local (Phila. Metro) | | Updates per Year | Last Update | Current GRP/GMP | 2009 GRP/GMP (percent change) | | 2010 GRP/GMP (percent change) | | 2009 Personal Income Growth | | 2010 Personal Income Growth | | 2008 Net Migration (thousands) | | 2009 Net Migration (thousands) | |
|--|--|------------------|-------------|----------------------------------|-------------------------------|---|-------------------------------|---|--|------------------------------------|-----------------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|--|
| 7 | economy.com — Précis: Metro/NORTHEAST | 3 | Jan-09 | N/A | N/A | ○ | N/A | ○ | 0.0% | ↘ | 2.4% | ↘ | -53.9 | ↘ | -54.3 | ↘ |
| 8 | economy.com — Précis: Metro/Philadelphia | 3 | Jan-09 | 1.8% | 1.2% | ↘ | 1.7% | ↗ | 0.7% | ↗ | 1.9% | ↘ | -4 | ↗ | -4.4 | ↗ |
| | | | | Current (2009) Employment | 2009 Employment | | 2010 Employment | | Cost of Doing Business (U.S. = 100) | Current (2009) Unemployment | | 2010 Unemployment | | 2011 Unemployment | | |
| 7 | economy.com — Précis: Metro/NORTHEAST | 3 | Jan-09 | 28,822 | -2.1% | ↘ | -0.3% | ↘ | 108 | ↗ | 7.8% | 8.6% | ↗ | 7.3% | ↗ | |
| 8 | economy.com — Précis: Metro/Philadelphia | 3 | Jan-09 | 1,893 | -1.4% | ↘ | -0.4% | ↗ | 119 | ↗ | 8.0% | 8.9% | ↗ | 7.5% | ↗ | |
| 10 | FRB Philadelphia — Business Outlook Survey | 12 | Jan-09 | Leading Indicator | Jan-07 to Jan-09 | | -41.3 | | ↘ | | | | | | | <p>This chart tracks the Indicator for the last 24 months.</p> |

Narrative: With high levels of exposure to the volatile financial sector, the Northeast is poised to experience fallout from restructuring and layoffs of recent months. While the downturn has not been as severe in the Northeast, the effects of reduced bonuses, expiring severance packages and recent layoffs have yet to be felt. Spending and income are expected to fall, along with consumer confidence. With slow retail and real estate industries added to the financial sector woes, the Northeast is expected to experience the worst of the recession in 2009. Unemployment is expected to peak at about 8.5% in early 2010, although the effects of further bank closures may push that upward. In Philadelphia, the strain of city-budget problems is likely to ripple outward to retail, service and construction sectors, pushing unemployment up to about 9%. Education and medical industries are expected to offer some stability to an otherwise faltering economy, although exposure of university endowments to the broader markets threatens to undermine the education sector.

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|----------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| 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 (January)

31-Jan-09

Total Non-Farm Employment (in thousands)

Source: BLS

| | Dec-08 | Dec-07 | Change | Dec-08 |
|-----------------------|---------------|---------------|---------------|---------------|
| City Total | 660.9 | 668.1 | -1.08% | 664.8 |
| Manufacturing | 26.5 | 28.0 | -5.36% | 26.8 |
| Wholesale & Retail | 65.5 | 66.8 | -1.95% | 65.2 |
| Services | 623.2 | 628.4 | -0.83% | 626.1 |
| Construction & Mining | 11.2 | 11.7 | -4.27% | 11.9 |
| MSA Total | 2820.2 | 2856.4 | -1.27% | 2825.1 |
| Manufacturing | 210.5 | 219.6 | -4.14% | 211.5 |
| Wholesale & Retail | 446.1 | 457.1 | -2.41% | 441.9 |
| Services | 2490.8 | 2508.4 | -0.70% | 2491.5 |

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

| | Dec-08 | Dec-07 | Change | Nov-08 |
|------|--------|--------|--------|--------|
| City | 8.2 | 5.6 | 46.43% | 7.9 |
| MSA | 6.4 | 4.1 | 56.10% | 5.9 |
| | Jan-09 | Jan-08 | Change | Dec-08 |
| US | 7.6 | 4.9 | 55.10% | 7.2 |

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 Commissioner

| Through 01/31/08 | FY2009 | FY2008 | Change | % Budget |
|-------------------------------------|-------------------|-------------------|---------------|--------------|
| Sales | \$77.72 | \$78.74 | -1.30% | 55.8% |
| Wage/NPT/Earnings (City & PICA) | \$871.15 | \$893.57 | -2.51% | 57.7% |
| Tot City & PICA Tax Revs | \$1,207.50 | \$1,248.93 | -3.32% | 49.8% |

Office Availability Rate (%)

Source: CB Richard Ellis

| | 4Q-08 | 4Q-07 | Change | 3Q-08 |
|-----------------------|-------|-------|--------|-------|
| Central Bus. District | 12.2 | 12.6 | -3.02% | 11.8 |
| Philadelphia Suburbs | 19.1 | 17.4 | 9.52% | 18.0 |

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: New orders for manufactured goods were down 5.2% in January, while the Consumer Price Index rose for the first time in 3 months, by 0.3%. Similarly, wholesale prices increased by 0.8%, reversing a 5-month downward trend. The Consumer Confidence Index fell from December's 38.6 to 37.7, the lowest it's been since 1967. Retail sales nationwide were up 1% from December, but down 9.7% from January 2008, indicating that consumers were responding to post-holiday sales, but are still holding off on larger purchases. New-home sales nationwide were down 10.2% and previously-owned home sales fell by 5.3%. Nationwide, 598,000 jobs were lost, for a national unemployment rate of 7.6%. Pennsylvania ranked third in job losses, with nearly 30,000 jobs lost to mass layoffs. The Federal Reserve Bank of Philadelphia's diffusion index, which measures the confidence of manufacturers, fell to -41.3, far below what was expected and the lowest it's been in 18 years.

