



# Economic Report

## Financial Forecast & Snapshot

OFFICE OF THE CITY CONTROLLER

Alan Butkovitz

### Snapshot Highlights

Tax revenues (City & PICA) for August totaled \$177.1 million, a decrease of less than one percent from the same month last year. A breakdown of the total revenues included \$150.5 million into the General Fund and \$26.6 million as the PICA portion.

Wage/Earnings/NPT (City & PICA) collections for the month totaled almost \$117 million, a five percent decrease compared to the same month last year. Monthly sales tax collections totaled \$23.6 million, a less than one percent decrease from what was collected last July.

Along with highlighting total tax collections, a review of the latest prices from gas pumps around the City of Philadelphia found that the average price has dropped 10 percent, or \$0.40, over last year.

Prices recorded for the last week of the month indicated that the average for the City was \$3.49, which is only five cents above the lowest average price recorded over the last 12 months. Of the top five U.S. cities, only Houston has a lower average price with \$3.15.

The cheapest gas can be found in the Northeast section of the City, where prices have fallen to \$3.33. In addition, another section with low prices is South Philadelphia, whereas the highest prices have been recorded in Center City at \$3.66.

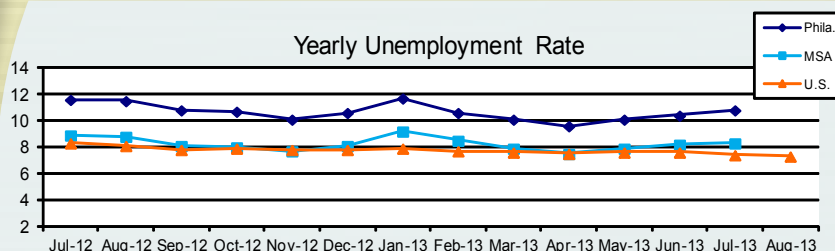


### MONTHLY FEATURE:

Philadelphia gas prices down 10% over last year. Northeast section = lowest prices

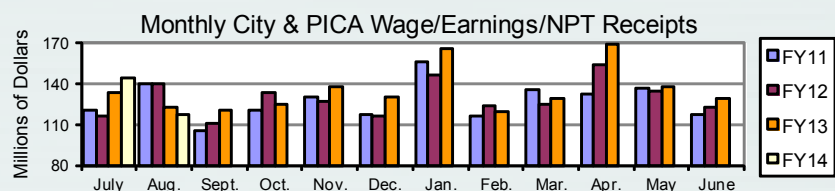
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August  
2013

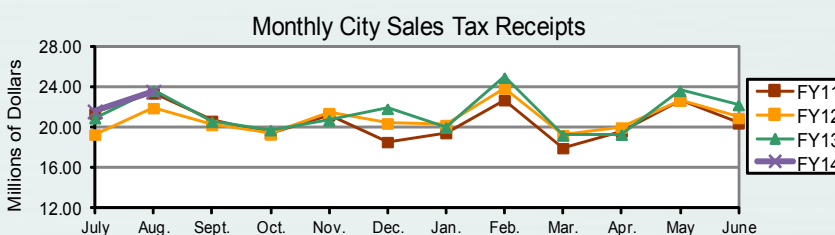


	July-13	June-13	Change	July-12
City -	10.8%	10.4%	3.85%	11.6%
MSA -	8.3%	8.2%	1.23%	9.0%
	Aug-13	July-13	Change	Aug-12
US -	7.3%	7.4%	-1.35%	8.1%

*unemployment rates are non-seasonally adjusted*



(in millions)	FY2013	FY2012	Change
Wage/NPT/Earnings - (City & PICA Yearly)	\$260.82	\$257.05	1.5%



(in millions)	FY2013	FY2012	Change
Sales (Yearly) -	\$45.24	\$44.64	1.34%

*According to PICA, collections for a single month can be a misleading indicator due to monthly variability in collections*

### Key Trends



1.5% = increase in Wage/NPT/Earnings revenues over last year



1.34% = increase in sales tax revenues over last year



10.3% = increase in annual home sales compared to August 2012



10% = decrease in avg. gas price for the City over last year



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### Forecast Highlights

August  
2013

According to the latest Business Outlook Survey from the Philadelphia Federal Reserve, respondents indicated growth in the manufacturing sector as general activity, new orders, shipments, and employment realized increases in both current and future activity.

The survey's broadest measure of manufacturing conditions, the diffusion index of current activity, has been positive for four consecutive months and is at its highest reading since March 2011, increasing from 9.3 last month to 22.3. Labor market indicators also showed improvement this month, increasing to 10.3, its highest reading since April of last year.

Furthermore, future activity is expected to significantly improve over the next six months. The future general activity index rose to 58.2, the highest rating since the end of the recession in 2009. Additionally, 58 percent of firms expect increases in activity and no firm expects decreases. The survey also reported that more than one-third of manufacturing companies would hire within the next six months.

*1 The survey's results reflect data of the current month and/or the month that the Controller's economic report is released.*

Total Non-Farm Employment (most recent data available)				
	July 2013	June 2013	% Chg.	July 2012
<b>City Total</b>	649,300	662,100	-1.93%	652,000
Manufacturing	23,000	23,000	0.00%	23,300
Wholesale & Retail	64,000	64,600	-0.93%	63,900
Services	614,400	627,300	-2.06%	618,600
Construction & Mining	11,900	11,800	0.85%	10,100
<b>MSA Total</b>	1,889,800	1,917,500	-1.44%	1,872,300
Manufacturing	127,500	127,600	-0.08%	129,100
Wholesale & Retail	270,200	271,900	-0.63%	272,700
Services	1,692,100	1,721,400	-1.70%	1,676,700
Construction & Mining	70,200	68,500	2.48%	66,500

Source: PA  
Dept. of Labor  
& Industry

#### RESOURCES

American Bankers Association - Forecast & Outlook	-outlook delivers a one-year forecast for mostly banking-related indicators as well as general economic measures
economy.com - Precis: Metro/US/Northeast/Philadelphia	-includes five-year forecasts of eleven key indicators
FRB Philadelphia	-3rd District - eastern PA, southern NJ and state of Delaware
FRB Philadelphia - Livingston Survey	-summarizes the forecasts of economists from industry, government, banking and academia
FRB Philadelphia - Professional Forecasters	-quarterly survey of macroeconomic forecasts in the U.S.
FRB Philadelphia - Regional Employment Forecasts	-regional indicator predicting job growth and unemployment rate one year from now
FRB Philadelphia - Business Outlook Survey	-monthly survey of manufacturers in the Philadelphia area indicating the change in expected business activity six months from now
NABE Outlook	-presents the consensus of macroeconomic forecasts by 37 professional forecasters from NABE
Conference Board - U.S. Leading Indicator	-gauges the whereabouts of the U.S. economy in nine months

#### PHILADELPHIA DEMOGRAPHICS

Population	Other
1,526,006	9.73%
Male	Hispanic
47.20%	12.30%
Female	<b>Pov. Rate*</b>
52.80%	28.4%
White	Under 18
41.04%	39.3%
Af. Amer.	Over 65
43.40%	17.3%
Asian	<b>Md. Hse Inc.</b>
6.32%	\$36,251

Data above is from the 2010 Census, unless noted  
\*based on 2011 American Community Survey





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### PHILADELPHIA GAS PRICE REDUCTION

*A Little Less Pain at the Pump*

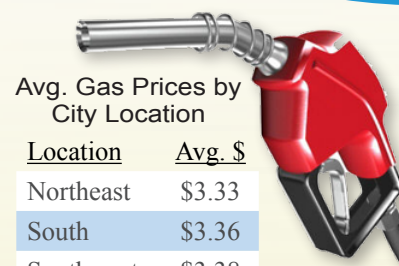
While drivers may not have been keeping track, it has been more than 1,000 days since gas prices were last below \$3 a gallon. The national average price exceeded \$3 in December 2010, which is the same time Philadelphians starting paying more for gas at the pump. However, what drivers may have noticed is that gas prices are slowly declining.

According to data available for the last week of September 2013, the average gas price in the City of Philadel-

phia is approaching a 12-month low, as it hovers around \$3.49. The lowest price over the last year was \$3.44 in January 2013.

Furthermore, the City over the last year has realized a 10 percent decrease (-\$0.40) in gas prices and it has the second cheapest gas of the five largest U.S. cities; only Houston has a lower average gas price at \$3.15.

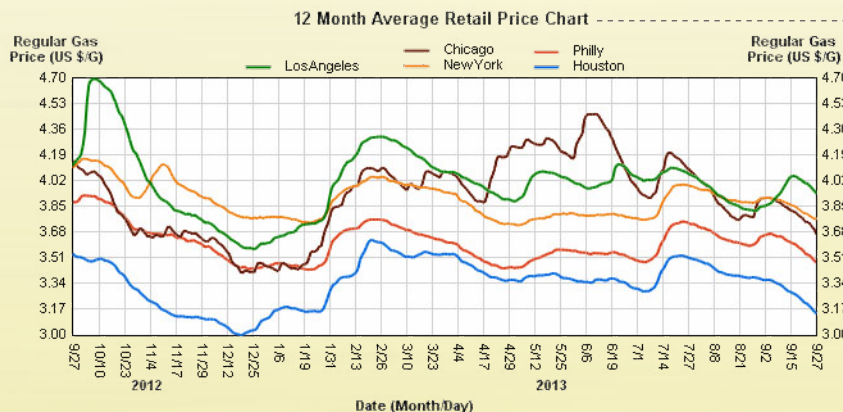
The cheapest gas can be found in the Northeast section of the City, where



Avg. Gas Prices by City Location

Location	Avg. \$
Northeast	\$3.33
South	\$3.36
Southwest	\$3.38
East	\$3.39
North	\$3.42
Northwest	\$3.45
West	\$3.45
Center City	\$3.66

Averages calculated with the top five lowest prices for each section of the city



#### 2012 vs. 2013

LOS ANGELES \$0.19  
 NYC \$0.34  
 CHICAGO \$0.49  
 PHILADELPHIA \$0.40  
 HOUSTON \$0.39

prices have fallen to \$3.33. In addition, another section with low prices is South Philadelphia at \$3.36, whereas the highest prices can be found in Center City at \$3.66.

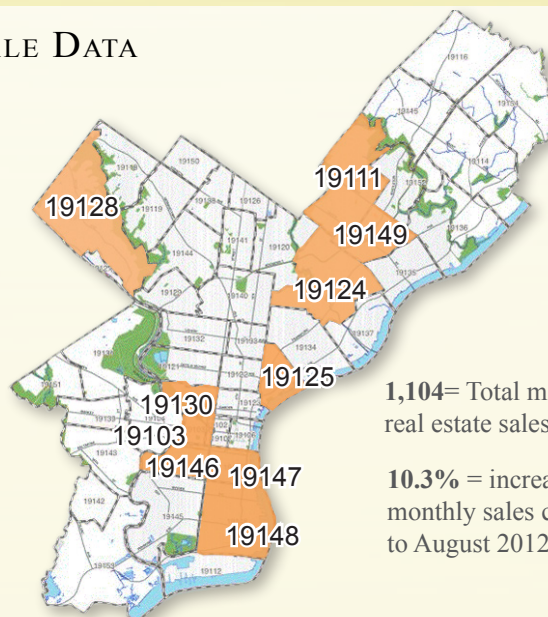
Local and National gas price data was provided by GasBuddy.com

### MONTHLY HOME SALE DATA

#### August 2013 - Top 10 Sales by Zipcode

ZIP Code	Sales	% of Sales from Bank Owned	% of Sales from Short Sales
19146	64	6.30%	1.60%
19111	55	16.40%	7.30%
19147	55	3.60%	0.00%
19125	51	5.90%	2.00%
19128	46	0.00%	6.50%
19124	42	7.10%	0.00%
19130	42	7.10%	7.10%
19149	42	7.30%	2.40%
19148	41	7.30%	2.40%
19103	39	0.00%	0.00%

Based on information from TREND for July 2013.



1,104= Total monthly real estate sales

10.3% = increase in monthly sales compared to August 2012