# Financial Forecast & Snapshot

Office of the City Controller
Financial & Policy Analysis Unit

FEBRUARY 2010

## Snapshot Highlights

City General Fund tax collections in February were $369.5 million, an increase of 6% compared to the same time last year. Sales tax collections of $22.3 million were up nearly 85% for February over the same period last year, reflecting the first full month of collections at the increased sales tax rate. The City adjusted down its projections for FY10 sales tax collections to $199.8 million from $207 million. The new target requires an average monthly sales tax collection of $23 million through June 2010.

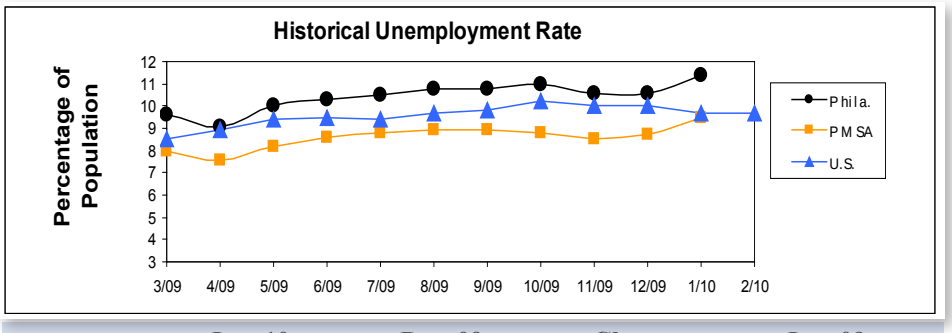
Wage taxes declined 6.5% in February compared to the previous year, and PICA expressed concern about the ability of the City to meet its FY10 wage tax projections. Collections for the year are down 3.4 % over the same period last year.

The City's unemployment increased almost a full percentage point to 11.4% in January (the latest data available) after dropping slightly at the end of last year.

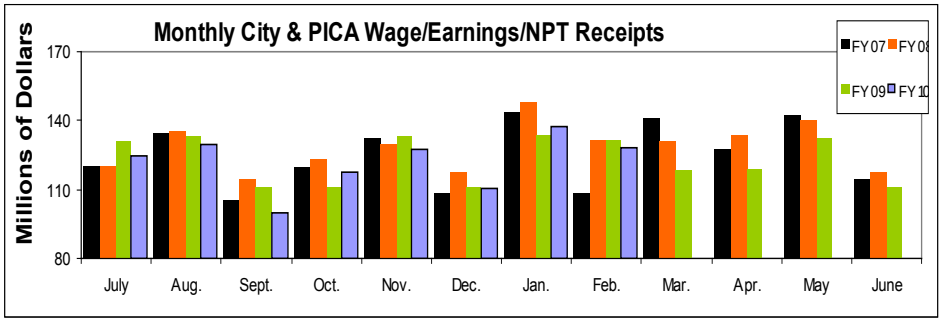
The state's unemployment rate hit its highest point since December 2007, 8.9%, and the highest since September 1984. The City's unemployment rate was 11.5% in May 1983.

According to the Pennsylvania Department of Labor, the largest loss of employment, 7,800 jobs, came in the education and health services sector.

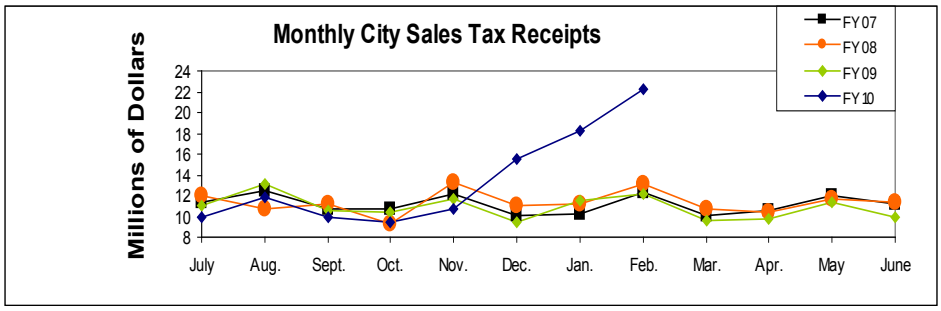
Winter break for schools and colleges temporarily reduced education and health services jobs over the winter break, and those job levels are expected to return when February data is released.




| | Jan. 10 | Dec. 09 | Change | Jan. 09 |
|---|---|---|---|---|
| City - | 11.4% | 10.6% | 8.6% | 9.3% |
| MSA - | 9.5% | 8.7% | 10.67% | 7.5% |
| | **Feb. 10** | **Jan. 09** | **Change** | **Feb. 09** |
| US - | 9.7% | 9.7% | 0.00% | 8.1% |




| (in millions) | FY2010 | FY2009 | Change |
|---|---|---|---|
| Wage/NPT/Earnings - (City & PICA) | $975.38 | $997.28 | -2.20% |




| (in millions) | FY2010 | FY2009 | Change |
|---|---|---|---|
| Sales - | $107.83 | $89.82 | 20.05% |

## *Key Trends*

- Sales Tax collections are up 85% compared to the same month one year ago
- Wage/NPT/Earnings Collections are down 2.2%
- Education and health take biggest hit in statewide job loss, 7,800 jobs
- Unemployment rate increased almost a full percentage to 11.4%

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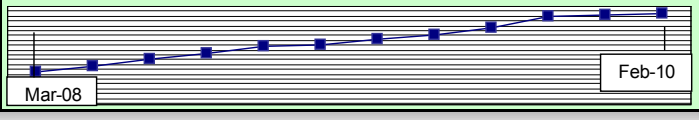
## Forecast Highlights

The Conference Board Leading Economic Index continued to rise in February. According to the Conference Board, the economy is moving from recovery into the early phases of expansion, and the leading economic index continues to point to moderately improving economic conditions in the near term. Going forward, demand remains a big question. Without increased consumer demand, job growth will likely be minimal over the next few months.

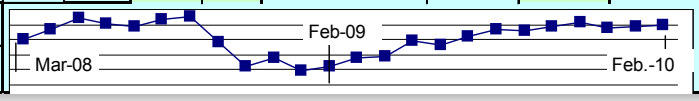
The Philadelphia Federal Reserve's Business Outlook Survey of the region's manufacturing sector continues to show signs of growth. Indexes for general activity, new orders, shipments, and employment all remained positive. The survey's broad indicators of future activity continued to suggest that the region's manufacturers expect business activity to increase over the next six months. Responses also indicated optimism in employment. For the fourth consecutive month, the percentage of firms reporting an increase in employment is greater than the percentage reporting declines and for the 11th consecutive month, the percentage of firms expecting employment to increase over the next six months (33 percent) exceeded the percentage expecting declines (9 percent).

| United States | Last Update | Current GDP | 2010 GDP | | 2011 GDP | | 2010 Consumer Price | | Current Unemployment | 2010 Unemployment | | 2011 Unemployment | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 economy.com—Précis: Metro/US | Jan-10 | 4th Qtr. 2009 - 5.7% | 2.3% | ⇗ | 3.8% | ⇗ | n/a | ❍ | | 10.4% | ⇗ | 9.6% | ⇘ |
| 3 FRB Phila—Livingston Survey | Dec-09 | | 2.7% | ⇗ | 2.9% | ⇗ | 2.2% | ⇗ | | 10.2% | ⇗ | 9.4% | ⇘ |
| 4 FRB Phila—Survey of Professional Forecasters | Feb-10 | | 3.0% | ⇗ | 2.9% | ⇘ | 1.7% | ❍ | | 9.8% | ⇗ | 9.2% | ⇗ |
| 5 NABE Outlook | Nov-09 | | 3.1% | ⇗ | | ⇗ | -0.8% | ❍ | | 8.8% | ⇗ | | ⇗ |
| 6 The Conference Board—U.S. Leading Indicator * | Feb-10 | Level of Business Activity | Feb-10 107.6 | | | | | | | | | | |




This chart tracks the Indicator for the last 12

| Regional (U.S. N.E. & Phila. Metro) | Last Update | Current GRP/GMP | 2010 GRP/GMP (percent | | 2011 GRP/GMP | | 2010 Personal Income | | 2011 Personal Income | | 2010 Net Migration | | 2011 Net Migration | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 7 economy.com — Précis: Metro/NORTHEAST | Jan-10 | 2730.1 | n/a | ❍ | n/a | ❍ | 2.7% | ⇗ | 2.8% | ⇘ | -68.3 | ⇘ | -76.0 | ⇗ |
| 8 economy.com — Précis: Metro/Philadelphia | Jan-10 | 152.1 | 0.6% | ⇘ | 2.7% | ⇗ | 2.0% | ⇗ | 2.6% | ⇨ | -4.9 | ⇗ | -6.1 | ⇗ |
| | | Current (2010) Employment | 2010 Employment | | 2011 Employment | | Business (U.S. = 100) | | Current (2010) Unemployment | | 2011 Unemployment | | 2012 Unemployment | |
| 7 economy.com — Précis: Metro/NORTHEAST | Jan-10 | 28,665 | -2.7% | ⇗ | 1.0% | ⇘ | 109 | ⇨ | 9.4% | | 8.4% | ⇗ | 6.7% | ⇗ |
| 8 economy.com — Précis: Metro/Philadelphia | Jan-10 | 1,875 | -0.1% | ⇘ | 1.3% | ⇗ | 105 | ⇨ | 9.0% | | 8.4% | ⇘ | 6.9% | ⇘ |
| 10 FRB Philadelphia — Bus. Outlook Survey | Mar-10 | Leading Indicator | Feb-07 to Mar-10 18.9 | ⇗ | | | | | | | | | | |




This chart tracks the Indicator for the last 24

## 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 |

## Demographics

### Philadelphia

| Population | Other |
|---|---|
| 1,540,351 | 8.50% |
| **Male** | **Hispanic** |
| 46.78% | 10.46% |
| **Female** | **Pov. Rate** |
| 53.21% | 25.10% |
| **White** | **Under 18** |
| 41.83% | 25.58% |
| **Af. Amer.** | **Over 65** |
| 44.33% | 13.00% |
| **Asian** | **Md. Hse Inc.** |
| 5.30% | $33,229 |

(2006 Census American Community Survey)