



Economic Report

Financial Forecast & Snapshot

OFFICE OF THE CITY CONTROLLER

Alan Butkovitz

Snapshot Highlights

Tax revenues (City & PICA) for January totaled almost \$235 million, a 1.5% increase compared to the January of the prior year. This included \$200.8 million into the General Fund and \$34.2 million as the PICA portion.

Wage/Earnings/NPT (City & PICA) collections for the month totaled \$146.6 million, which is \$9.4 million less what was collected in January 2011. According to PICA, the decline is due to delayed receipt of payments from employers who remit the wage tax on a quarterly basis.

Monthly sales tax collections totaled \$20.3 million, which is a less than one percent decrease from the previous month. This month's collection marks the third consecutive month of increases over the prior year.

This month's economic report compares the City of Philadelphia's job climate just before the recent recession (December 2007) to its current state (December 2011). During this time some of Philadelphia's industries have realized steep declines in total employment, while a few industries increased total jobs and are now playing a critical role in the City's recovery and future.

Four years ago, the unemployment rate stood at 6 percent and there were 586,300 Philadelphians employed. In December 2011, which is the latest reporting month, the unemployment is 10.1% and 579,900 residents employed.

Over this four-year period, the total number of manufacturing jobs declined by 17.6% and construction jobs by -18.6%. On the positive side of job growth, education and healthcare services increased by 6% and leisure and hospitality by almost 5%.

MONTHLY FEATURE:

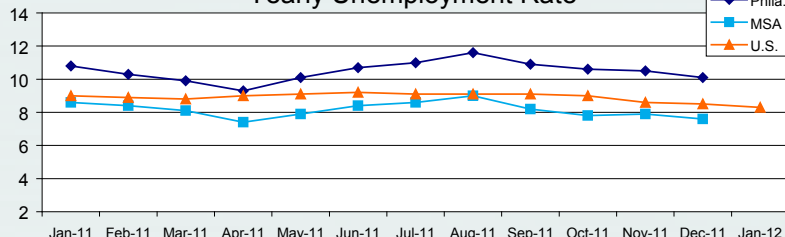
Philadelphia's employment since prior to the recession: Manufacturing down 17.6% and Educ. & Healthcare up 6%

January
2012

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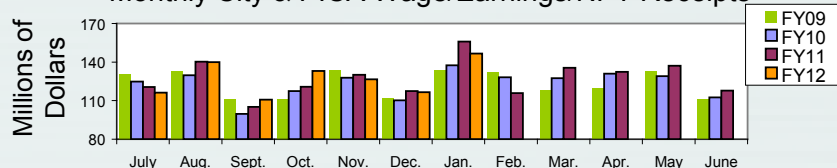


Yearly Unemployment Rate



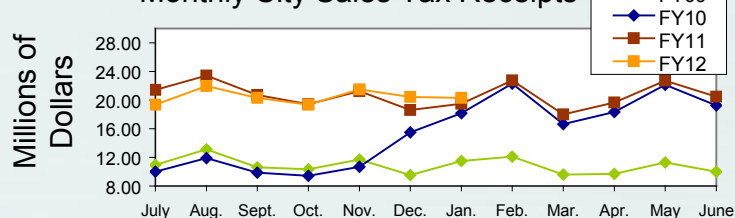
	Dec-11	Nov-11	Change	Dec-10
City -	10.1%	10.5%	-3.81%	10.7%
MSA -	7.6%	7.9%	-3.80%	8.1%
	Jan-12	Dec-11	Change	Jan-11
US -	8.3%	8.5%	-2.35%	9.0%

Monthly City & PICA Wage/Earnings/NPT Receipts



(in millions)	FY2012	FY2011	Change
Wage/NPT/Earnings - (City & PICA Yearly)	\$889.76	\$891.00	-0.14%

Monthly City Sales Tax Receipts



(in millions)	FY2012	FY2011	Change
Sales (Yearly) -	\$143.25	\$144.36	-0.77%

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

Key Trends & Financials



Sales taxes: 3rd consecutive month of increases over prior year



Monthly tax revenues 1.5% increase compared to Jan. 2011



Manufacturing industry declined by 17.6% since start of recession



Education and healthcare jobs jumped 6% since start of recession



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Forecast Highlights

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According to the latest Business Outlook Survey from the Philadelphia Federal Reserve, manufacturing firms' indicate that future activity levels aren't as strong as in recent months but continue to be optimistic about future manufacturing growth. The future general activity index fell from 49.0 in January to 33.3 this month.

Firms' responses show there has been little overall growth in employment as the current employment index fell from a reading of 11.6 in January to 11.1 for February. Fourteen percent of the firms reported an increase in employment with 13 percent reporting decreases. With a three point increase, the future employment index showed improvement. Thirty-three percent of firms expect to increase employment over the next six months compared to the 11 percent expecting to decrease it.

It should be noted that the firms included in the survey are from the Philadelphia Federal Reserve's Third District which covers two-thirds of Pennsylvania (as far west as Johnstown), New Jersey and Delaware.

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 (in thousands)			Source: BLS	
	Dec-11(P)	Nov-11	% Change	Dec-10
City Total	661.1	664.0	-0.4%	665.9
Manufacturing	23.4	23.6	-0.8%	24.8
Wholesale & Retail	63.9	63.2	1.1%	64.5
Services	628.1	630.4	-0.4%	631.3
Construction & Mining	9.6	10.0	-4.0%	9.8
MSA Total	2724.3	2727.4	-0.1%	2730.6
Manufacturing	183.0	182.4	0.3%	186.4
Wholesale & Retail	425.6	421.3	1.0%	423.8
Services	2447.2	2447.5	0.0%	2443.5
Construction & Mining	94.1	97.5	-3.5%	100.7

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
	1,526,006	9.73%
	Male	Hispanic
	46.80%*	12.30%
	Female	Pov. Rate
	53.21%*	26.7%*
	White	Under 18
	41.04%	36.4%*
	Af. Amer.	Over 65
	43.37%	16.9%*
	Asian	Md. Hse Inc.
	6.32%	\$33,229

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



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PHILADELPHIA'S JOB CLIMATE

Where It's @ Now & Where It's Going

The adverse effects of the Great Recession have altered Philadelphia's job atmosphere to the level that a few industries may never fully recover. While some industries realized steep declines in employment over the last four years, a few have emerged as front runners that are now playing a critical role in Philadelphia's recovery and future.

In December 2007, the City of Philadelphia's unemployment rate stood at 6 percent. There were 586,300 residents employed while 37,100 were looking for work. There were more than 28,000 manufacturing jobs in the City and another 88,000 professional and business service jobs, including legal services.

Fast forward four years later to December 2011 and Philadelphia's unemployment rate jumps to 10.1%. There are now almost 65,000 residents unemployed, which is an increase of 27,700 individuals without a job compared to December 2007.

Over this four-year period, the total number of manufacturing jobs declined by 17.6%, construction jobs by -18.6% and financial-related jobs by -10.3%. A total of 9,100 nonfarm jobs were lost from December 2007 to December 2011.

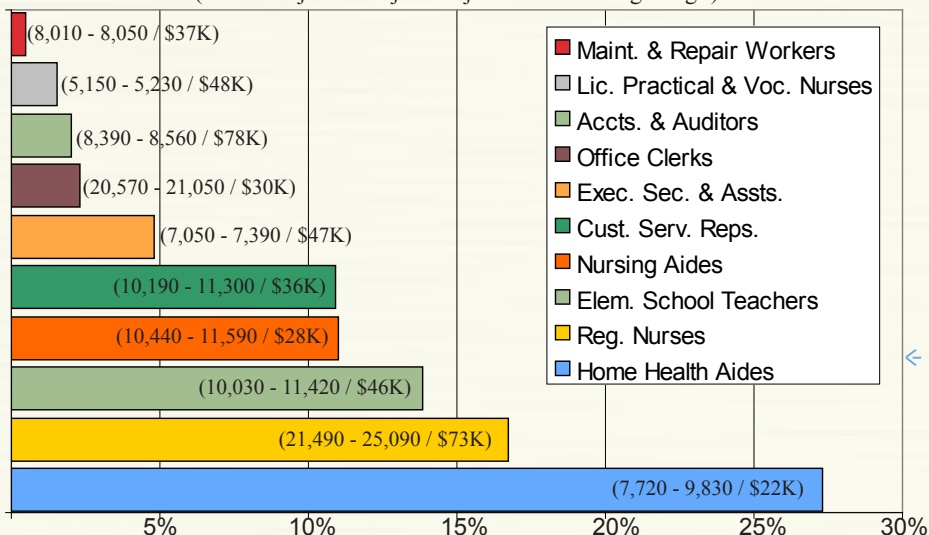
The reason more jobs weren't lost was due to the Education and Health Services industries adding a combined 12,200 jobs since December 2007. The Leisure and Hospitality industries also added 2,800 jobs during this time. These were the only major industries in Philadelphia that realized positive job growth over the last four years.

Philadelphia's health services industry is expected to grow as nursing professionals and health-related jobs are supposed to increase through 2018 - with many considered high priority occupations for the City.

All employment data was compiled from the Pennsylvania Labor & Industry Department and through the Center for Workforce Information & Analysis

High Priority Occupations for Philadelphia - 2008 to 2018

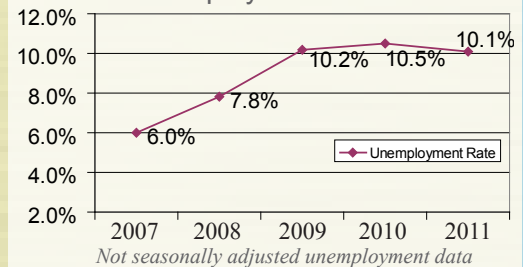
(Est. 2008 jobs - Proj. 2018 jobs / Annual Wage Avg.¹)



Data above was sorted by highest % change for jobs with projected employment above 5,000
1. wages based on 2009 data

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Unemployment Overview



27,700 = increase in # of unemployed from Dec. 2007 to 2011

Total # of Nonfarm Jobs

Industry	Dec. 2007	Dec. 2011	07-11 % Chg.
Mining, Logging & Constrcn.	11,800	9,600	-18.6%
Manufac.	28,400	23,400	-17.6%
Trade, Transport & Utilities	90,300	88,800	-1.7%
Information	12,700	12,400	-2.4%
Financial Activities	46,800	42,000	-10.3%
Prof. & Bus. Services	88,000	79,800	-9.3%
Educ. & Health Srvc.	201,800	214,000	6.0%
Leisure & Hospitality	58,200	61,000	4.8%
Other Srvc.	27,800	26,600	-4.3%
Govt.	104,400	103,500	-0.9%
Total Nonfarm	670,200	661,100	-1.4%

9,100 = total jobs lost since Dec. 2007