Economic Report

Financial Forecast & Snapshot

OFFICE OF THE CITY CONTROLLER ▪ *Alan Butkovitz*

November 2010

Snapshot Highlights

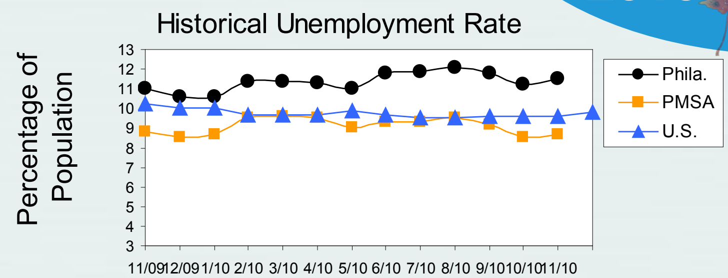
Tax revenues (City & PICA) for November totaled $171.8 million, a 3% increase from the previous month, and $18.3 million more than collections in November 2009. Year-to-date revenue collections totaled $878 million, a 12% increase compared to this collection period one year ago.

Wage/Earnings/NPT (City & PICA) collections totaled $130.16 million for the month, an increase of $2.4 million compared to last year at this time. This is the fourth-consecutive month where the monthly revenue collections totaled more than the same months from the previous year.

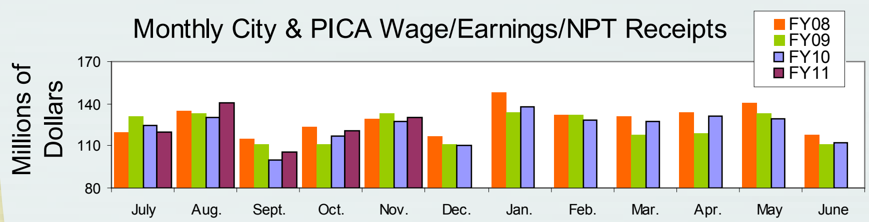
Monthly sales tax collections were $21.26 million, a 9% increase in collections from the previous month. With November's collections, year-to-date sales tax revenues total $106.26 million, putting the City just over $1 million ahead of budgeted projections.

Monthly real estate sales totaled 646, a 22% drop in sales from the previous month. November's real estate sales marks the lowest figure in the last nine months.

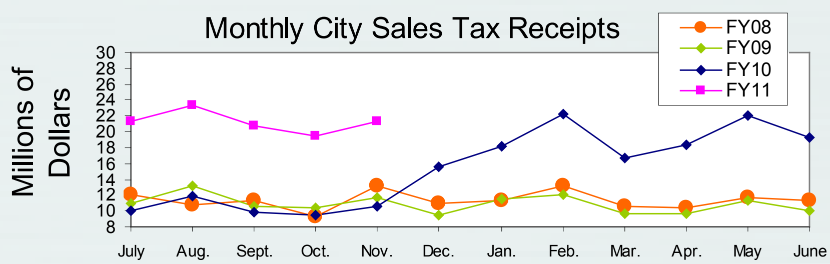
This month's report features a look at how individuals in the Philadelphia region spend their money. A household in the region spends an average of 74% of their income with 37% spent on housing, 11% on food and 14% on transportation. Residents in the Philadelphia region spend $45 more on entertainment than those in New York City and spend less in fruits and vegetables than those in the NYC and Boston regions.



	Oct-10	Sept-10	Change	Oct-09
City -	11.5%	11.2%	2.68%	10.9%
MSA -	8.7%	8.5%	3.35%	8.3%
	Nov-10	**Oct-10**	**Change**	**Nov-09**
US -	9.8%	9.6%	2.08%	10.0%



(in millions)	FY2011	FY2010	Change
Wage/NPT/Earnings - (City & PICA Yearly)	$616.94	$599.40	2.93%



(in millions)	FY2011	FY2010	Change
Sales (Yearly) -	$106.26	$51.84	104.98%

Key Trends

- Wage/Earnings/NPT revenues higher than previous year
- Sales tax revenues exceed budget projections
- Monthly real estate sales hit nine-month low with 646 sales
- Phila. region spends less in fruits & vegs. than NYC and Boston

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Forecast Highlights

According to the Philadelphia Federal Reserve's Business Outlook Survey, businesses continue to report positives in overall growth, including new orders, employment and future demands. The diffusion index of current activity increased from 22.5 to 24.3, its third-consecutive month of positive readings. Another three-month increase came from the new orders index with increases of four points from last month. The percentage of firms reporting an increase in employment is higher than those reporting a decline, 17 percent compared to 12 percent.

The indexes for future new orders and shipments showed improvement by increasing by seven and five points, respectively. The prices paid index increased 17 points this month and has increased 41 points over the past three months. Firms also indicated that the largest annual cost increase will be health benefits along with other non labor expenses expected to increase in 2011; energy, raw materials and intermediate goods.

Total Non-Farm Employment (in thousands)			Source: BLS	
	Nov-10 (P)	Oct-10	%Change	Nov-09
City Total	656.8	655.4	0.2%	653.3
Manufacturing	25.2	25.2	0.0%	25.4
Wholesale & Retail	62.5	61.3	1.9%	62.2
Services	621.6	620.2	0.2%	618.1
Construction & Mining	10.0	10.0	0.0%	9.8
MSA Total	2712.3	2702.2	0.4%	2714.6
Manufacturing	184.2	184.1	0.1%	188.8
Wholesaole & Retail	417.5	409.8	1.9%	415.9
Services	2432.5	2423.1	0.4%	2424.9
Construction & Mining	95.6	95.0	0.6%	100.9

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
1,547,297*	8.50%
Male	Hispanic
46.78%	10.46%
Female	Pov. Rate
53.21%	25.0%
White	Under 18
41.83%	25.58%
Af. Amer.	Over 65
44.33%	13.00%
Asian	Md. Hse Inc.
5.30%	$33,229

(*2009 U.S. Census figures)

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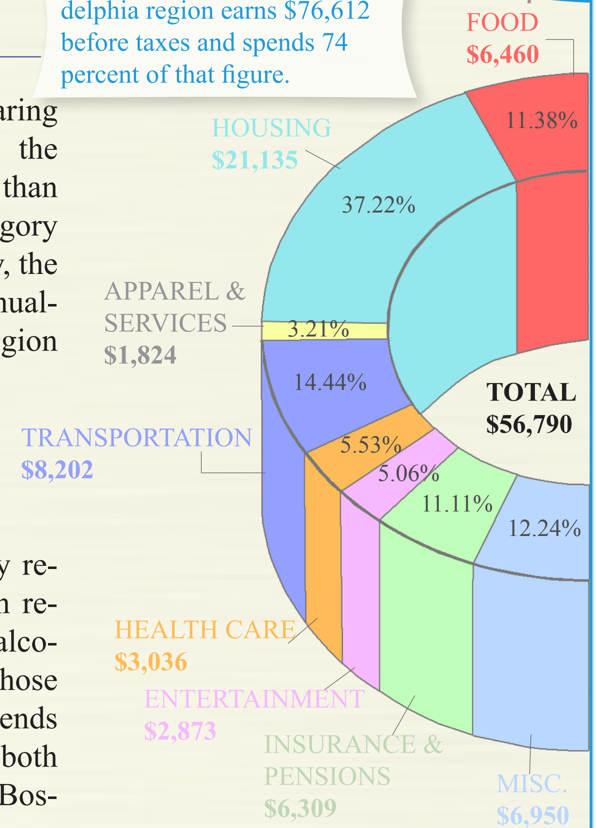
SPENDING HABITS in the PHILADELPHIA REGION

Average household in the Philadelphia region earns $76,612 before taxes and spends 74 percent of that figure.



The above data was compiled from the U.S. Bureau of Labor Statistics 2008-09 Consumer Expenditure Survey

The ongoing economic crisis resulted in many individuals across the nation to examine, more than ever, their own spending under the microscope. According to the U.S. Bureau of Labor Statistics 2008-09 Consumer Expenditure Survey, the avg. American household earns almost $63,000 and spends about 80 percent of it. Almost 35 percent of that figure is spent on housing, 13 percent on food and 16 percent on transportation.

In Philadelphia and its suburbs, the avg. household earns almost $77,000 and spends 74 percent of it. In Philadelphia County, the avg. (mean) household income is $51,037. Across the Philadelphia region, 37 percent is spent on housing, while 11 percent is spent on food and 14 percent is spent on transportation. When comparing dollar amounts, individuals in the Philadelphia region spend more than the U.S. avg. in every main category except for health care. Nationally, the avg. American spends $3,126 annually and those in the Philadelphia region spend $3,036 for health care.

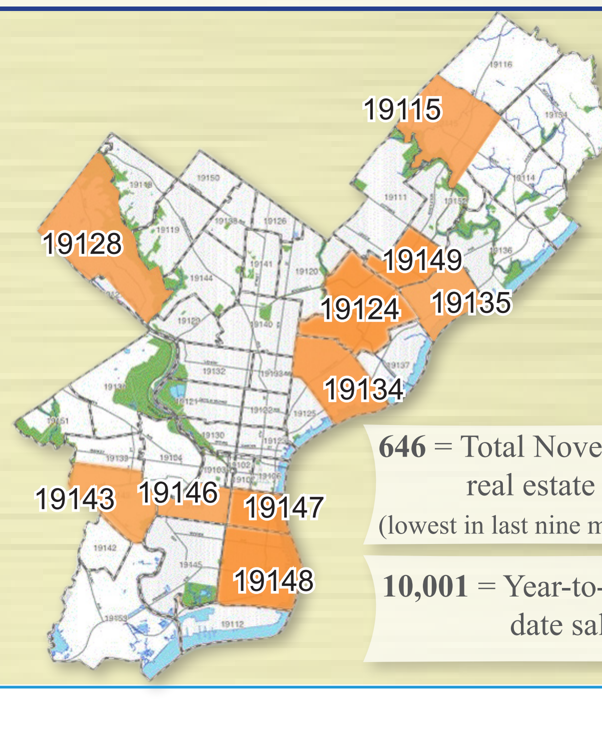
Regional City Notes: Residents in the Philadelphia region spend $45 more a year in entertainment than those in the New York City region. Those living in the Boston region spend $264 more a year in alcohol and tobacco products than those in Philadelphia. Philadelphia spends less in fruits and vegetables than both New York City ($118 less) and Boston ($180 less).

City Real Estate Sales

NOVEMBER 2010 - Top 10 Sales by Zipcode

ZIP Code	Sales	Foreclosures	% of Sales from Foreclosure
19147	36	3	8.30%
19146	33	5	15.20%
19148	31	3	9.70%
19149	31	1	3.20%
19128	27	3	11.10%
19134	26	5	19.20%
19135	25	1	4.00%
19115	24	1	4.20%
19124	23	4	17.40%
19143	23	8	34.80%

Based on information from TREND for November 2010.



646 = Total November real estate sales (lowest in last nine months)

10,001 = Year-to-date sales