Economic Report

Financial Forecast & Snapshot

Office of the City Controller ▪ *Alan Butkovitz*

September 2012

Monthly Feature:

Average prices for electricity and utility gas in the Philadelphia metro declined over the last year.

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Snapshot Highlights

Tax revenues (City & PICA) for September totaled $175.8 million, a 6.4% increase from collections in September 2011. This included $148 million into the General Fund and $27.8 million as the PICA portion.

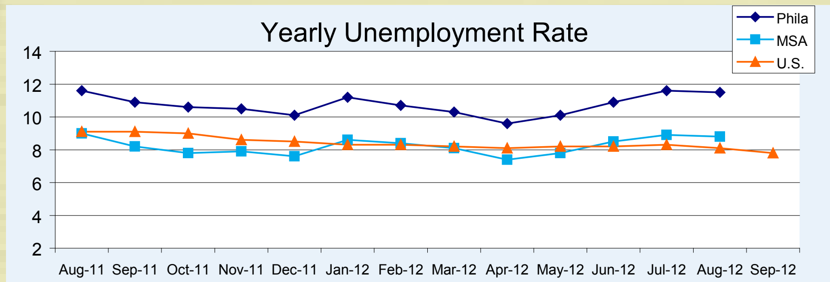
Wage/Earnings/NPT (City & PICA) collections for the month totaled $120.3 million, which is a 9% increase in what was collected in September 2011.

Monthly sales tax revenues totaled $20.6 million, which is a 1.5% increase from September of last year. Sales tax revenues have been at or above the previous year's collections for the last 11 months. Yearly collections for first quarter of the fiscal year totaled $65.3 million. The current fiscal year estimate is $259.3 million.

Along with reporting tax revenues, this month's economic report reviewed energy costs in the Philadelphia area and found a slight decline in the average electricity and gas unit prices over the same period last year. According to the U.S. Bureau of Labor Statistics' data for August, the average unit cost of electricity declined by eight percent and for utility gas by seven percent.

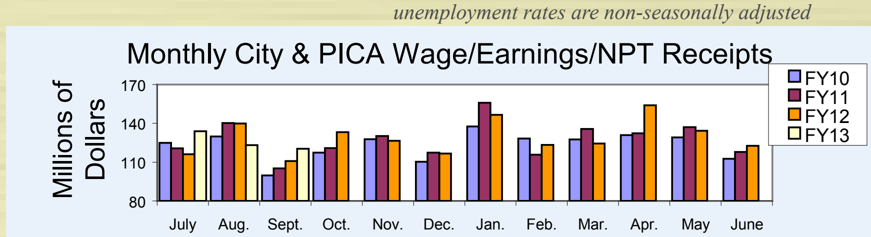
While average prices in the Philadelphia metro area declined slightly over the last year, energy costs for the local area were higher than the national average for both electricity and utility gas; $.03 higher for electricity and $.22 for gas. Philadelphia's average cost for electricity was also higher than the average prices in Seattle, Chicago and Washington D.C.

In addition, Philadelphia home sales totaled 843 for September, which is a 10 percent decrease over the same month last year.

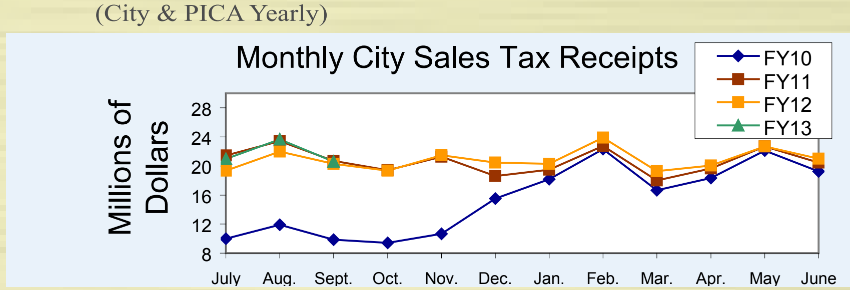


	Aug-12	July-12	Change	Aug-11
City -	11.5%	11.6%	-0.86%	11.5%
MSA -	8.8%	8.9%	-1.12%	8.7%
	Sept-12	Aug-12	Change	Sept-11
US -	7.8%	8.1%	-3.70%	9.0%

unemployment rates are non-seasonally adjusted



(in millions)	FY2013	FY2012	Change
Wage/NPT/Earnings - (City & PICA Yearly)	$377.34	$366.87	2.85%



(in millions)	FY2013	FY2012	Change
Sales (Yearly) -	$65.25	$61.60	6.01%

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

Key Trends & Financials

- Yearly Sales Tax revenues up 6% over last year's collections
- Yearly Wage/Earn/NPT revenues up almost 3% over last year's collections
- Electric & gas unit costs in Philadelphia area declined from last year
- Monthly home sales dropped 10 percent from same month last year

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Forecast Highlights

According to the latest Business Outlook Survey from the Philadelphia Federal Reserve, the survey's indicators for general activity returned to positive territory. The diffusion index of current activity was at 5.7, marking the first reading above zero since April. More than 28 percent of firms reported increases in activity for the current month compared to 21 percent last month. The current new orders index decreased by two points to -0.6. The current shipments index increased by 21 points but remained almost flat at -0.2.

Labor market conditions at the reporting firms remained weak this month. The current employment index dropped three points, to -10.7, its lowest reading since September 2009. Twenty-two percent of firms reported decreases in employment compared to 11 percent reporting increases.

The future employment index also fell from the previous month but remained positive at 8.0. The future general activity index decreased from 41.2 to 21.6.

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
	Sept-12 (P)	Aug-12	% Change	Sept-11
City Total	652.0	646.3	0.9%	653.4
Manufacturing	23.0	23.0	0.0%	23.6
Wholesale & Retail	61.0	61.4	-0.7%	60.6
Services	619.6	613.9	0.9%	619.9
Construction & Mining	9.4	9.4	0.0%	9.9
MSA Total	2717.1	2696.3	0.8%	2698.3
Manufacturing	187.1	188.4	-0.7%	185.9
Wholesale & Retail	405.1	408.2	-0.8	402.0
Services	2429.8	2408.0	0.9%	2406.4
Construction & Mining	100.2	99.9	0.3%	106.0

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
47.20%	12.30%
Female	**Pov. Rate***
52.80%	28.4%
White	Under 18
41.04%	39.3%
Af. Amer.	Over 65
43.40%	17.3%
Asian	**Md. Hse Inc.**
6.32%	$36,251

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

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EXAMINING ENERGY COSTS IN PHILADELPHIA

Gas & electric unit costs decrease over last year

As winter approaches, many in the Philadelphia area will be preparing for home heating bills and other energy-related costs. According to the U.S. Bureau of Labor Statistics' Average Energy Prices, the year-over-year lower cost of electric and gas in August for the Philadelphia region could mean lower energy bills for the upcoming season.

In Philadelphia, the average unit cost of electricity dropped eight percent, from $.173 per kilowatt hour (kWh) in August 2011 to $.159 per kWh in August 2012. The average unit cost of utility gas declined by seven percent, from $1.256 per therm to $1.169 during the same period.

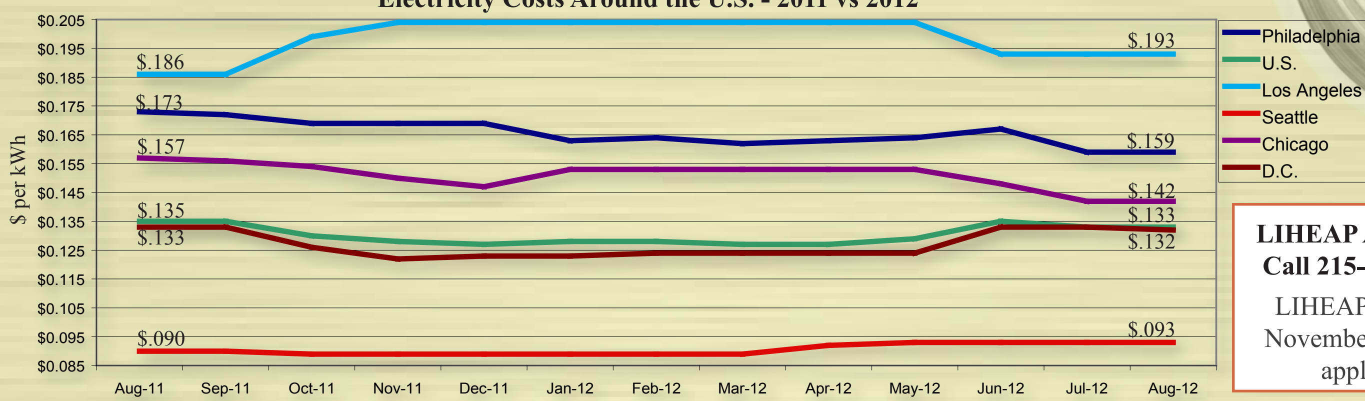
The average price of electricity and utility gas in Philadelphia were both higher than the national average by $.026 and $.216 per unit, respectively. A review of other large metro areas' electricity prices found that other than Los Angeles, Philadelphia's rates were higher than Seattle, Chicago and Washington D.C.

Philadelphia's Energy Costs

	Aug. 2011	Aug. 2012	% Chg.
Electricity (kWh)	$0.173	$0.159	-8.1%
Utility Gas (therm)	$1.256	$1.169	-6.9%
Gasoline (gallon)	$3.632	$3.741	3.0%

All data was obtained from the Bureau of Labor Statistics' average prices for energy costs, not seasonally adjusted

Electricity Costs Around the U.S. - 2011 vs 2012



LIHEAP Assistance? Call 215-787-HEAT

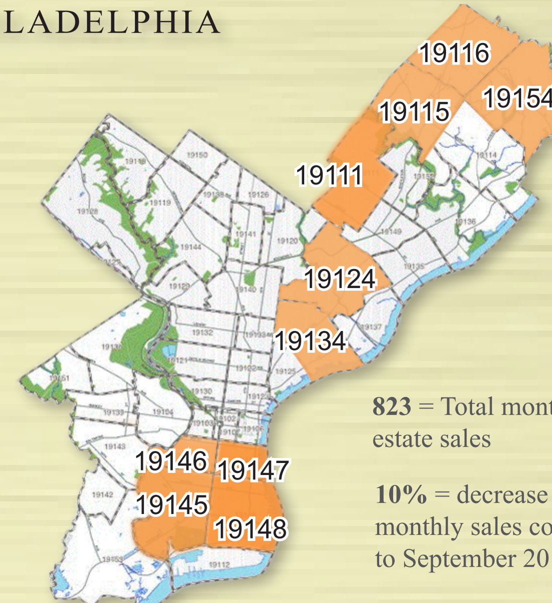
LIHEAP will open November 1 for new applicants

HOME SALES IN PHILADELPHIA

September 2012 - Top 10 Sales by Zipcode

ZIP Code	Sales	% of Sales from Bank Owned	% of Sales from Short Sales
19146	49	6.10%	6.10%
19148	47	6.40%	0.00%
19149	37	18.90%	8.10%
19147	36	8.30%	0.00%
19124	35	20.00%	0.00%
19145	33	3.00%	3.00%
19111	32	25.00%	9.40%
19154	29	3.40%	3.40%
19116	28	21.40%	10.70%
19134	27	25.90%	3.70%

Based on information from TREND for September 2012.



823 = Total monthly real estate sales

10% = decrease in monthly sales compared to September 2011