



Economic Forecasts

May 2008

Arrows (↔ ↗ ↘ ↙ ↚) indicate the change of the forecast over time, not the direction of the forecast itself.

United States		Updates per Year	Last Update	Current GDP	2008 GDP		2009 GDP		2008 Consumer Price		Current Unemployment	2008 Unemployment		2009 Unemployment			
1	American Bankers Association, ABA — Forecast and Outlook	2	Jun-08	1st Quarter 2008 .9%	3.5%	↘	4.5%	↗	3.7%	↘	May 2008 5.5%	5.3%	↗	5.7%	↗		
2	economy.com — Précis: Metro/US	3	Jun-08		1.5%	↘	3.0%	↗	n/a	○		5.4%	↗	6.0%	↗		
3	FRB Philadelphia — Livingston Survey	2	Jun-08		1.2%	↘	2.1%	↗	3.2%	↗		5.3%	↗	5.5%	↗		
4	FRB Philadelphia — Survey of Professional Forecasters	4	May-08		1.5%	↘	2.2%	○	2.3%	↗		5.3%	↗	5.6%	○		
5	National Association for Business Economics — NABE Outlook	4	Feb-08		1.2%	↘	2.7%	↘	3.1%	↗		5.3%	↗	5.6%	↗		
6	The Conference Board — U.S. Leading Indicator *	12	Mar-08	Level of Business Activity	May-08												<p>This chart tracks the Indicator for the last 12 months. *In March 2008, base year data changed from 1996=100 to 2004=100, limiting the availability of historical data to 7 months.</p>

Narrative: Economists expect continued slow growth of the economy through the 2nd half of 2008 and into 2009. With concerns of an impending or current recession, real GDP growth forecasts for 2008 and 2009 have been lowered across the board. Most economists believe that the housing slump will end in mid-to-late 2008 and that the accompanying recession will be brief, ending in late 2008 or early 2009. Many economists predict a 1% increase in the Federal Fund Rate (to 3.0%) in 2009, although other economists are predicting faster and more severe rate increases in an attempt to stave off rapid inflation. Economists are mixed over whether rising food and energy prices will push inflation up further. The dollar is expected to slowly rebound through 2009.

Regional (U.S. Northeast) & Local (Phila. Metro)		Updates per Year	Last Update	Current GRP/GMP	2008 GRP/GMP (percent change)		2009 GRP/GMP (percent change)		2008 Personal Income Growth		2009 Personal Income Growth		2007 Net Migration (thousands)		2008 Net Migration (thousands)		
7	economy.com — Précis: Metro/NORTHEAST	3	Jun-08	N/A	N/A	○	N/A	○	2.9%	↘	3.2%	↘	-82.1	↘	-99.9	↘	
8	economy.com — Précis: Metro/Philadelphia	3	Jun-08	1.8%	1.2%	↘	1.7%	↗	3.2%	↗	2.4%	↘	-8.5	↗	-9.9	↗	
				Current (2007) Employment	2008 Employment		2009 Employment		Cost of Doing Business (U.S. = 100)	Current (2007) Unemployment		2008 Unemployment		2009 Unemployment			
7	economy.com — Précis: Metro/NORTHEAST	3	Jun-08	29,394	10.0%	↗	20.0%	↘	108	↗	4.3%	5.1%	↗	5.6%	↗		
8	economy.com — Précis: Metro/Philadelphia	3	Jun-08	1,919	50.0%	↗	30.0%	↗	119	↗	4.4%	5.3%	↗	5.7%	↗		
9	FRB Phila — Regional Employment Forecasts	4	Feb-08	N/A	0.5%	↘	-1.0%	↘	N/A	○	N/A	4.4%	↗	5.6%	↗		
10	FRB Philadelphia — Business Outlook Survey	12	Jun-08	Leading Indicator	May-06 to May-08												<p>This chart tracks the Indicator for the last 24 months.</p>

Narrative: Philadelphia and the region's relative stability is likely to continue as the nation pushes through the bottom of a recession. Real estate in the area has been insulated from much of the nation's woes due to undervaluation and urban density. Despite our relative stability, economists are predicting higher rates of inflation and unemployment regionally, as higher energy and food prices are reflected in our service-based economy. Manufacturing firms reported higher input prices, and a majority of them expect to pass that cost on to the consumer in the form of higher retail prices. A KPMG survey of regional business executives found that their response to Mayor Nutter is positive, indicating a possible increase in local and regional investment.

1	American Bankers Association, ABA — Forecast and Outlook	This outlook delivers a one-year forecast for mostly banking-related indicators as well as general economic measures.													
2,7,8	economy.com — Précis: Metro/US/Northeast/Philadelphia	These outlooks include five-year forecasts of eleven key indicators. There are separate tables for the US, the US-Northeast, and the Philadelphia area.													
3,4,9,10	FRB Philadelphia	Federal Reserve Bank, 3rd district, Philadelphia — covers eastern Pennsylvania, southern New Jersey, and the state of Delaware.													
3	FRB Philadelphia — Livingston Survey	The Livingston Survey was started in 1946 by the late columnist Joseph Livingston. It is the oldest continuous survey of economists' expectations. It summarizes the forecasts of economists from industry, government, banking, and academia.													
4	FRB Philadelphia — Survey of Professional Forecasters	The Survey of Professional Forecasters is one of the oldest (since 1968) quarterly survey of macroeconomic forecasts in the US.													
9	FRB Philadelphia — Regional Employment Forecasts	This is a regional indicator predicting job growth and unemployment rate one year from now.													
10	FRB Philadelphia — Business Outlook Survey	The Business Outlook Survey is a monthly survey of manufacturers in the Philadelphia area indicating the change in expected business activity six months from now. The index represents a percentage of respondents predicting an increase.													
5	National Association for Business Economics — NABE Outlook	The NABE Outlook presents the consensus of macroeconomic forecasts made by a panel of 37 professional forecasters from the membership of the National Association for Business Economics. The survey originated in 1965.													
6	The Conference Board — U.S. Leading Indicator	The Leading Indicator gauges the whereabouts of the US economy in nine months.													



City Controller's Office Monthly Economic Snapshot (May)

31-May-08

Total Non-Farm Employment (in thousands)				
	May-08	May-07	Change	Apr-08
City Total	665	662.9	0.32%	664.9
Manufacturing	27.5	27.8	-1.08%	27.5
Wholesale & Retail	63.9	63.9	0.00%	63.6
Services	625.4	621.9	0.56%	625.8
Construction & Mining	12.1	13.2	-8.33%	11.6
MSA Total	2835.2	2844.6	-0.33%	2823.2
Manufacturing	215.9	225.4	-4.21%	216.1
Wholesale & Retail	433.8	443.5	-2.19%	430.5
Services	2492.7	2484.3	0.34%	2482.6

Source: BLS

Unemployment Rate (%)				
	Apr-08	Apr-07	Change	Mar-08
City	6.4	5.3	20.75%	7.0
MSA	4.6	3.9	17.95%	5.2
US	5.1	4.5	13.33%	4.8

Source: BLS

City Tax Collections (millions)				
Through 5/31/08	FY2008	FY2007	Change	% Budget
Sales	\$124.53	\$122.53	1.63%	91.7%
Wage/NPT/Earnings (City & PICA)	\$1,431.15	\$1,383.38	3.45%	91.9%
Tot City & PICA Tax Revs	\$2,578.56	\$2,567.08	0.45%	92.3%

Source: Philadelphia Revenue Commissioner

Office Availability Rate (%)				
	1Q-08	1Q-07	Change	4Q-07
Central Bus. District	12.4	13.2	-5.47%	12.4
Philadelphia Suburbs	17.0	18.2	-6.28%	17.4

Source: CB Richard Ellis

Demographic And Socio-Economic Snapshot 2006 (Population/Demographics - 2006 Census American Community Survey)

	Population	Male	Female	White	Af. Amer.	Asian	Other	Hispanic	Pov. Rate	Under 18	Over 65	Md Hse Inc
City of Philadelphia	1,448,394	46.78%	53.21%	41.83%	44.33%	5.30%	8.50%	10.46%	25.10%	25.58%	13.00%	\$ 33,229

Highlights of Note: The economic downturn continued in May, pulled by the weight of the housing market, rising energy prices and looming concerns about inflation. Unemployment unexpectedly rose in May, from 5% to 5.5%, as the nation lost 49,000 jobs. The mortgage crisis deepened in the first quarter, with reports that as many as 1 in 10 homeowners face problems; foreclosure filings were up 7% from April to May, and 48% from May 2007. New-home sales fell 2.5% in May, and prices were down 5.7% year-over-year. In the Philadelphia area, business conditions appear to be stabilizing, with steady manufacturing and increases in lending counteracting weakening retail and real estate markets.

