



Economic Forecasts

June 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%	↘	June 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	May-08		1.2%	↘	2.7%	↘	3.1%	↗		5.3%	↗	5.6%	↗	
6	The Conference Board — U.S. Leading Indicator *	12	Jul-08	Level of Business Activity	Jun-08		101.7		↗							<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 8 months.</p>

Narrative: Rising energy and food prices, low wage growth and uncertainty in the housing and credit markets have continued to cause fears of a recession. Stimulus spending appears to be down from May; people are finding that their paychecks are not keeping pace with increased food and fuel costs. Consumer confidence levels are low and are not expected to improve in the short term. With reduced consumer spending, joblessness is on the rise; some economists predict an unemployment peak of between 6% and 6.5% from the current 5.5%. Housing and credit markets continued to decline, with further losses expected in the 2nd half of 2008. Some analysts expect to see increased interest rates in late 2008 or early 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	Jun-08	N/A	40.0%	↘	-2.0%	↘	N/A	○	N/A	4.9%	↗	5.7%	↗	
10	FRB Philadelphia — Business Outlook Survey	12	Jul-08	Leading Indicator	June-06 to June-08		21.3		↘							<p>This chart tracks the Indicator for the last 24 months.</p>

Narrative: Philadelphia's tendency to maintain an even keel in economic waters is keeping it relatively stable compared to the rest of the nation. Philadelphia area real estate sales were down in June, but prices remained nearly flat rather than dropping as they did nationwide. Foreclosures were up in the 2nd quarter, but rates remain at levels far below the rest of the country. In Pennsylvania, building permit applications fell while first-time unemployment claims increased, indicating some economic contraction in late 2008 through early 2009. Investment in Philadelphia businesses is up from May, and similar to June 2007, indicating that Philadelphia remains relatively stable.

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 (June)

30-Jun-08

Total Non-Farm Employment (in thousands)

	Jun-08	Jun-07	Change	May-08
City Total	665	657.8	1.09%	665
Manufacturing	27.5	27.8	-1.08%	27.5
Wholesale & Retail	63.9	64.2	-0.47%	63.9
Services	625.4	616.4	1.46%	625.4
Construction & Mining	12.1	13.6	-11.03%	12.1
MSA Total	2835.2	2850.1	-0.52%	2835.2
Manufacturing	215.9	226	-4.47%	215.9
Wholesale & Retail	433.8	446.3	-2.80%	433.8
Services	2492.7	2487.3	0.22%	2492.7

Source: BLS

Unemployment Rate (%)

	May-08	May-07	Change	Apr-08
City	6.9	5.9	16.95%	6.4
MSA	5.0	4.1	21.95%	4.6
US	5.5	4.5	22.22%	5.1

Source: BLS

City Tax Collections (millions)

Through 5/31/08	FY2008	FY2007	Change	% Budget
Sales	\$135.84	\$133.67	1.62%	100.0%
Wage/NPT/Earnings (City & PICA)	\$1,548.61	\$1,498.22	3.36%	99.5%
Tot City & PICA Tax Revs	\$2,755.83	\$2,779.19	-0.84%	98.6%

Source: Philadelphia Revenue Commissioner

Office Availability Rate (%)

	2Q-08	2Q-07	Change	4Q-07
Central Bus. District	12.1	12.53	-3.35%	12.4
Philadelphia Suburbs	17.5	17.61	-0.57%	17.0

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: U.S. Consumer confidence fell to its lowest point in 16 years while growth in the Consumer Price Index nearly doubled from 0.6% in May to 1.1% in June. The CPI is up 5% year-over-year, the biggest increase since 1991. Core inflation is up 2.4%, most of which is felt in rising energy prices (up 6.6%). 62,000 jobs were cut in June, for the 6th consecutive month. Wage growth decelerated to 2.8% from 3.2% in May, falling further below inflation which was 4.2% in June. Local economic indicators are less alarming. In Phila., venture capital investment rose in the second quarter, with 34 deals totaling \$189.3M in investments (similar to June 2007, with 37 deals for \$185.7M). Phila. area median sale prices of homes were down 0.5%, compared to national price declines of 6.1% in June. Local home sales were down 28%, compared to 15.5% nationally.

