



Economic Forecasts

August 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%	↘	July 2008 5.7%	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	Aug-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	Aug-08	Level of Business Activity		Aug-08		100.8		↘					<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 11 months.</p>

Narrative: With continued difficulty in the credit and real estate markets, rising unemployment and inflation, August proved to be a difficult month. Forecasters expect additional trouble, particularly in the credit sector. Real GDP growth is expected to fall to 1.2% (from previous expectations of 1.7%). Unemployment is expected to continue on its upward trajectory. Inflation is similarly expected to continue to pose problems. Fears of recession have been growing, with forecasts giving a 47% chance of negative growth in the 4th Quarter of 2008.

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		Aug-06 to Aug-08		30.8		↗					<p>This chart tracks the Indicator for the last 24 months.</p>	

Narrative: Despite the bleak national picture, Philadelphia is poised to ride relatively smoothly through the coming months. Manufacturers are becoming more optimistic after seeing shipments stay steady recently (despite a drop in new orders). The real estate market hasn't experienced the same turmoil that the nation has, with sale-prices remaining flat or seeing an increase over the last quarter. Center City commercial real estate vacancies are rising, but remain better than the national averages. Sales of office buildings worth more than \$5M fell 14%, compared to 77% nationwide. The metro area also saw growth in the education and medical-services sectors. However, despite Philadelphia's relative resilience, Mayor Nutter warned of a \$450M budget shortfall over the next 5 years.

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 (August)

30-Aug-08

Total Non-Farm Employment (in thousands)

	Aug-08	Aug-07	Change	Jul-08
City Total	656.1	655.1	0.15%	659.4
Manufacturing	27.4	27.8	-1.44%	27.3
Wholesale & Retail	64.5	64.2	0.47%	64.6
Services	616	613.6	0.39%	619.7
Construction & Mining	12.7	13.7	-7.30%	12.4
MSA Total	2798.9	2813.8	-0.53%	2808.7
Manufacturing	215.7	224.8	-4.05%	215.8
Wholesale & Retail	435.4	445.2	-2.20%	435.9
Services	2463.2	2449.7	0.55%	2463.2

Source: BLS

Unemployment Rate (%)

	Jul-08	Jul-07	Change	Jun-08
City	7.4	6.2	19.35%	7.2
MSA	5.6	4.6	21.74%	5.3
US	5.7	4.6	23.91%	5.5

Source: BLS

City Tax Collections (millions)

Through 7/31/08	FY2008	FY2007	Change	% Budget
Sales	\$10.96	\$12.01	-8.74%	7.9%
Wage/NPT/Earnings (City & PICA)	\$130.73	\$125.18	4.43%	8.2%
Tot City & PICA Tax Revs	\$171.26	\$180.74	-5.25%	6.0%

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: The Consumer Price Index fell in August (for the first time since August 2007), although the CPI remains up 5.4% from last year, which economists call alarmingly high. Unemployment nationwide rose to 6.1%, the highest rate since 2003. Local unemployment rose slightly, to 7.4%. While the nation is still not officially in a recession, many private economists agree that we are; the Fed has clearly been trying to stave one off by adjusting interest rates and shoring up failing banks. Locally, manufacturing showed some signs of improvement in August although general business conditions remained soft. Retailers posted mixed sales results, with larger discount stores doing better than others. Lending grew slightly, while residential and commercial real estate and construction were both sluggish. The tax revenue estimate for the 5-Year Plan was revised downward by about \$450M.

