



Economic Forecasts

August 2007

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	2007 GDP		2008 GDP		2007 Consumer Price		Unemployment Rate	2007 Unemployment		2008 Unemployment	
1	American Bankers Association, ABA — Forecast and Outlook	2	Jun-07	2nd Quarter 2007 3.8%	4.0%	⇄	4.9%	⇒	3.2%	⇄	Aug 4.6%	4.6%	⇄	4.8%	⇒
2	economy.com — Précis: Metro/US	3	May-07		2.1%	⇄	3.0%	⇄	N/A	○		4.6%	⇄	4.8%	⇄
3	FRB Philadelphia — Livingston Survey	2	Jun-07		N/A	N/A	2.9%	⇄	2.6%	⇄		4.6%	⇄	4.8%	⇄
4	FRB Philadelphia — Survey of Professional Forecasters	4	Aug-07		1.9%	⇄	2.8%	⇄	2.2%	⇄		4.6%	⇒	4.7%	⇄
5	National Association for Business Economics — NABE Outlook	4	Sep-07		2.0%	⇄	2.8%	⇄	3.3%	⇄		4.6%	⇒	4.8%	⇒
6	The Conference Board — U.S. Leading Indicator	12	Sep-07	Level of Business Activity	Aug-07 for Feb-08	137.8	⇄					This chart tracks the Indicator for the last 12 months.			

Narrative: The National Association for Business Economics September survey forecasts the slowest total growth in the United States gross domestic product since 2002 this year. The Commerce Department reported that the second quarter GDP grew more than it had in the previous year. Although it was lower than original forecasts, coming in at a 3.8 percent rate and not the predicted 4.0 percent rate, it was much higher than the .6 percent growth rate from the first quarter of the year. According to the Bureau of Economic Analysis, the increase in real GDP in the second quarter primarily reflected a downturn in imports, upturns in federal government spending and in private inventory investment, accelerations in exports, in nonresidential structures, and in equipment and software, and a smaller decrease in residential fixed investment that were partly offset by a notable deceleration in personal consumption expenditures. On a positive note, according to CNNMoney, strong consumer spending from August substantially lowers the risk for an upcoming economic slowdown.

Regional (U.S. Northeast) & Local (Phila. Metro)		Updates per Year	Last Update	Current GRP/GMP	2007 GRP/GMP (percent change)		2008 GRP/GMP (percent change)		2007 Personal Income Growth		2008 Personal Income Growth		2006 Net Migration (thousands)	2007 Net Migration (thousands)	
7	economy.com — Précis: Metro/NORTHEAST	3	May-07	N/A	N/A	○	N/A	○	5.3%	⇄	4.3%	⇄	-110.5	⇄	-81.9
8	economy.com — Précis: Metro/Philadelphia	3	May-07	2.7%	3.3%	⇄	2.1%	⇄	3.5%	⇄	3.1%	⇄	-7.6	⇄	-6.5
7	economy.com — Précis: Metro/NORTHEAST	3	May-07	Current (2006) Employment	2007 Employment	⇄	2008 Employment	⇄	Cost of Doing Business (U.S. = 100)	⇄	Current (2006) Unemployment	2007 Unemployment	⇄	2008 Unemployment	
8	economy.com — Précis: Metro/Philadelphia	3	May-07	29,134	0.9%	⇄	0.6%	⇄	108	⇄	4.5%	4.4%	⇄	4.4%	⇄
9	FRB Phila — Regional Employment Forecasts	4	Aug-07	1,904	0.9%	⇄	0.5%	⇄	119	⇒	4.7%	4.0%	⇄	3.9%	⇄
10	FRB Philadelphia — Business Outlook Survey	12	Sept-07	n/a	0.8%	⇄	0.6%	⇄	n/a	○	n/a	4.1%	⇄	4.8%	⇄
				Leading Indicator	Sep-07 for Mar-07	35.7	⇄					This chart tracks the Indicator for the last 24 months.			

Narrative: Business activity continued to expand in August in the Philadelphia region. According to the Federal Reserve Beige Book, new orders and shipments increased for manufacturers, and retailers reported overall year to year growth. In addition, the region's manufacturing rose by 10.9 points in the general activity index from August to September. High input costs for companies continue to pose problems as employers in the region are looking for ways to reduce increasing benefits costs. As reported by the Federal Reserve Bank of Philadelphia, future forecasts for the manufacturing industry remain optimistic, while forecasts for future employment growth have declined. Albeit at a slower pace, the Federal Reserve expects business activity to grow, retail to increase, and auto sales to improve in the Philadelphia region through the end of 2007. Bankers in the Philadelphia region foresee continued growth in business and personal lending, but at a much slower rate than in the first half of 2007. In addition, contracts for residential mortgages are expected to remain slow for the rest of 2007 and 2008 in Philadelphia.

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 surveys 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 2007)

30-Sep-07

Total Non-Farm Employment (in thousands)

	Aug-07	Aug-06	Change	Jul-07
City Total	655.1	652.7	0.37%	655.6
Manufacturing	27.8	29.8	-6.71%	27.5
Wholesale & Retail	64.2	64.6	-0.62%	64
Services	613.6	610.2	0.56%	614.5
Construction & Mining	13.7	12.7	7.87%	13.6
MSA Total	2813.8	2780.8	1.19%	2815.2
Manufacturing	224.8	229.3	-1.96%	224.5
Wholesale & Retail	445.2	437.4	1.78%	445.1
Services	2449.7	2415.1	1.43%	2452.8

Source: BLS

Unemployment Rate (%)

	Jul-07	Jul-06	Change	Jun-07
City	6.2	6.8	-8.82%	6
MSA	4.6	5.1	-9.80%	4.3
US	4.6	4.8	-4.17%	4.5

Source: BLS

City Tax Collections (millions)

Through 8/31/07	FY2008	FY2007	Change	% Budget
Sales	\$22.70	\$23.82	-4.71%	16.4%
Wage/NPT/Earnings (City & PICA)	\$260.39	\$254.54	2.30%	17.1%
Tot City & PICA Tax Revs	\$365.30	\$307.47	18.81%	13.2%

Source: Philadelphia Revenue Commissioner

Office Availability Rate (%)

	2Q-07	2Q-06	Change	1Q-07
Central Bus. District	12.53	13.5	-7.19%	13.2
Pennsylvania Suburbs	17.61	19.7	-10.61%	18.2

Source: CB Richard Ellis

Demographic And Socio-Economic Snapshot 2000 (Population/Demographics - 2000 census)

	Population	Male	Female	White	Af. Amer.	Asian	Other	Hispanic	Pov. Rate	Under 18	Over 65	Md Hse Inc
City of Philadelphia	1,517,550	46.50%	53.50%	45.00%	43.20%	4.50%	7.30%	8.50%	21.70%	25.30%	14.10%	\$ 28,897

Highlights of Note: The Conference Board's US leading index decreased 0.6 percent, back to the January 2007 level. Real money supply led the positive indicators while lower consumer expectations were the largest negative contributor to the decreasing index. Moody's predicts the US housing market slump will continue into 2009. Across the nation, employers cut 4,000 jobs in August, the first net monthly loss in four years. Despite the struggles in the real estate markets, the Commerce Department reported increased consumer spending in August, up another 0.6 percent from July's increase of 0.4 percent. While US home construction spending dropped for the 18th straight month, total construction spending in August increased 0.2 percent from July due to increased spending on non-residential projects.

