

2012 Greater Philadelphia Chamber of Commerce Economic Outlook Survey

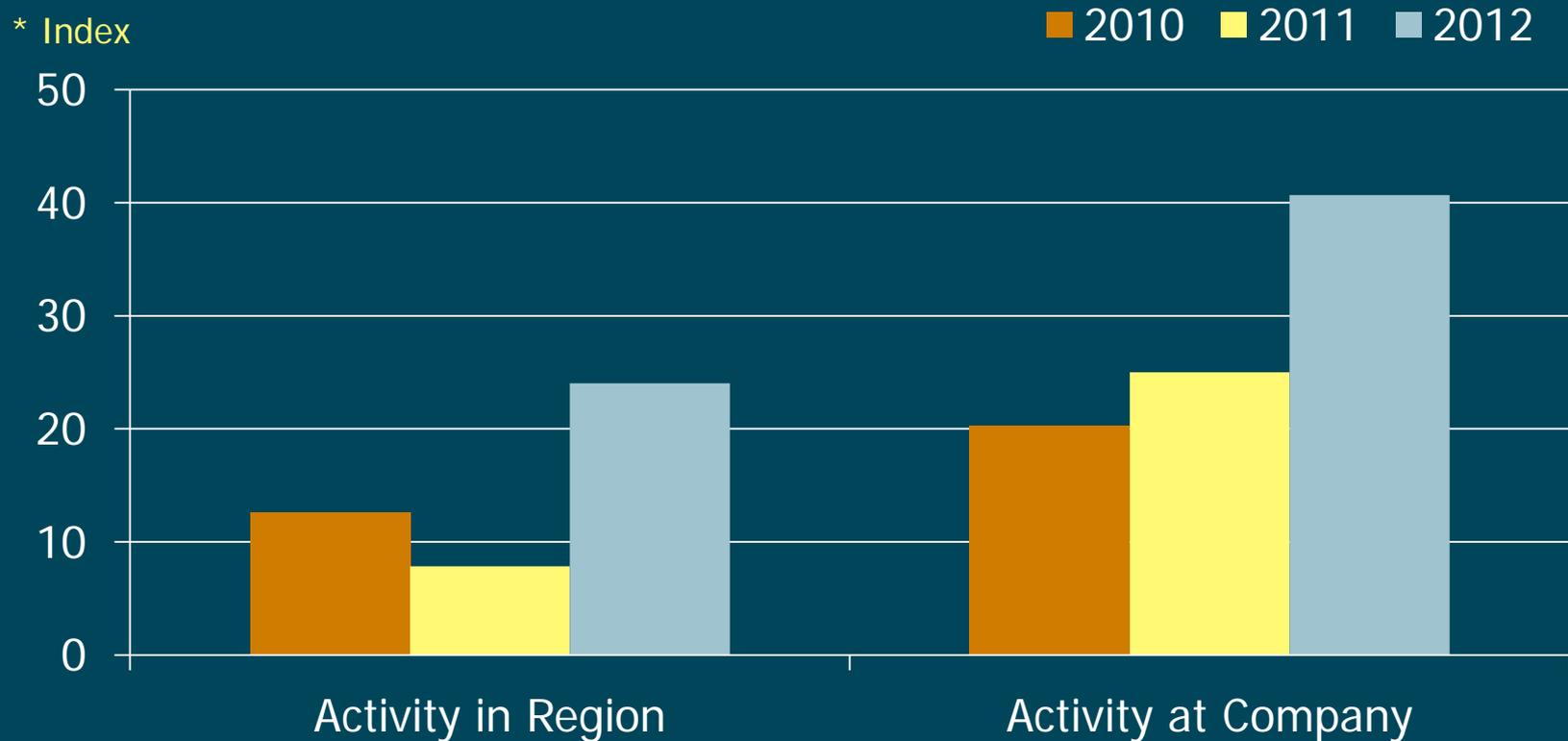
January 31, 2012

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FEDERAL RESERVE BANK
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Economic Outlook GPCC Members



*A diffusion index is the difference between the percentage of firms indicating increasing activity and the percentage of firms indicating declining activity.



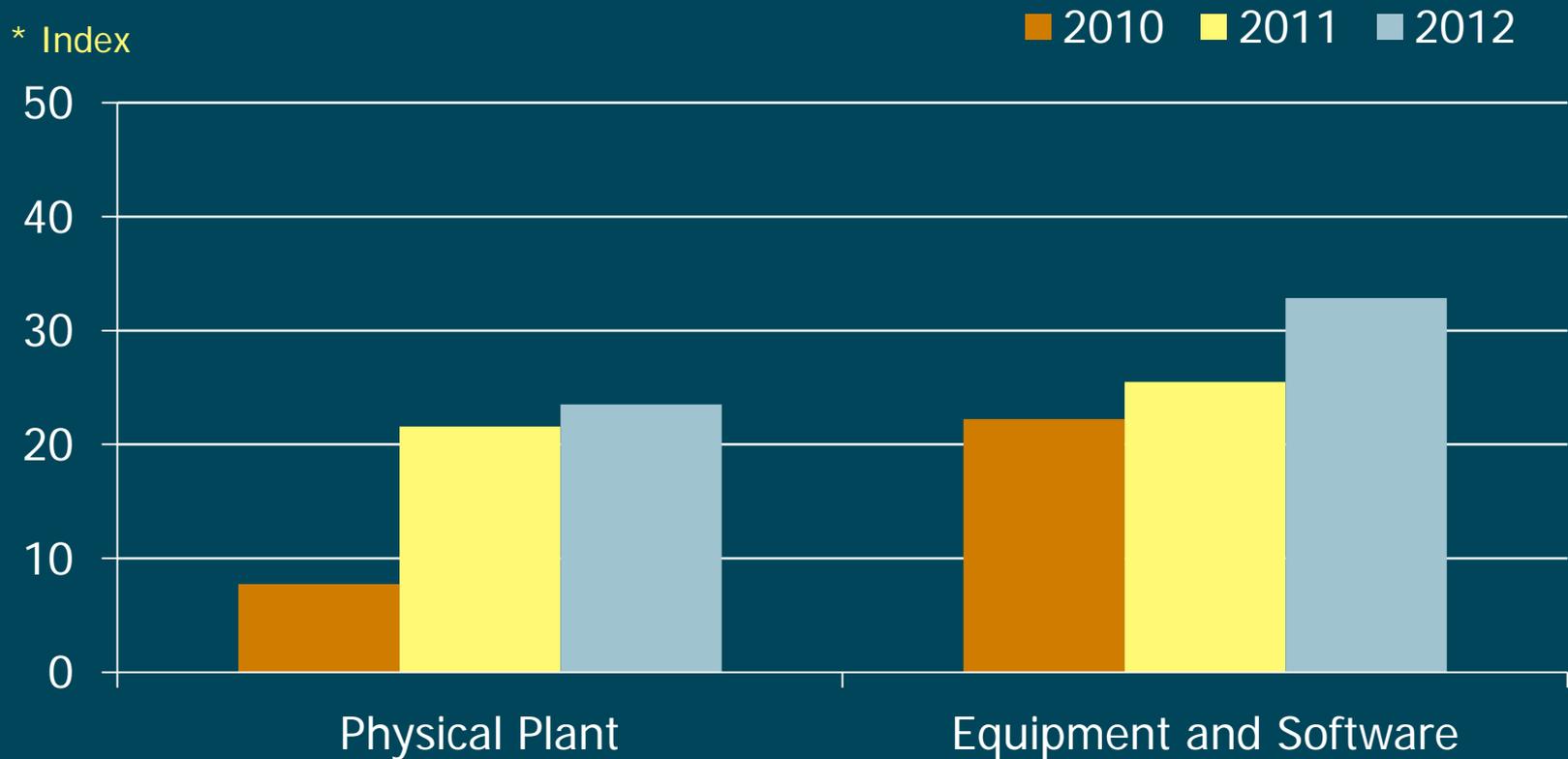
Orders and Revenue/Sales GPCC Members



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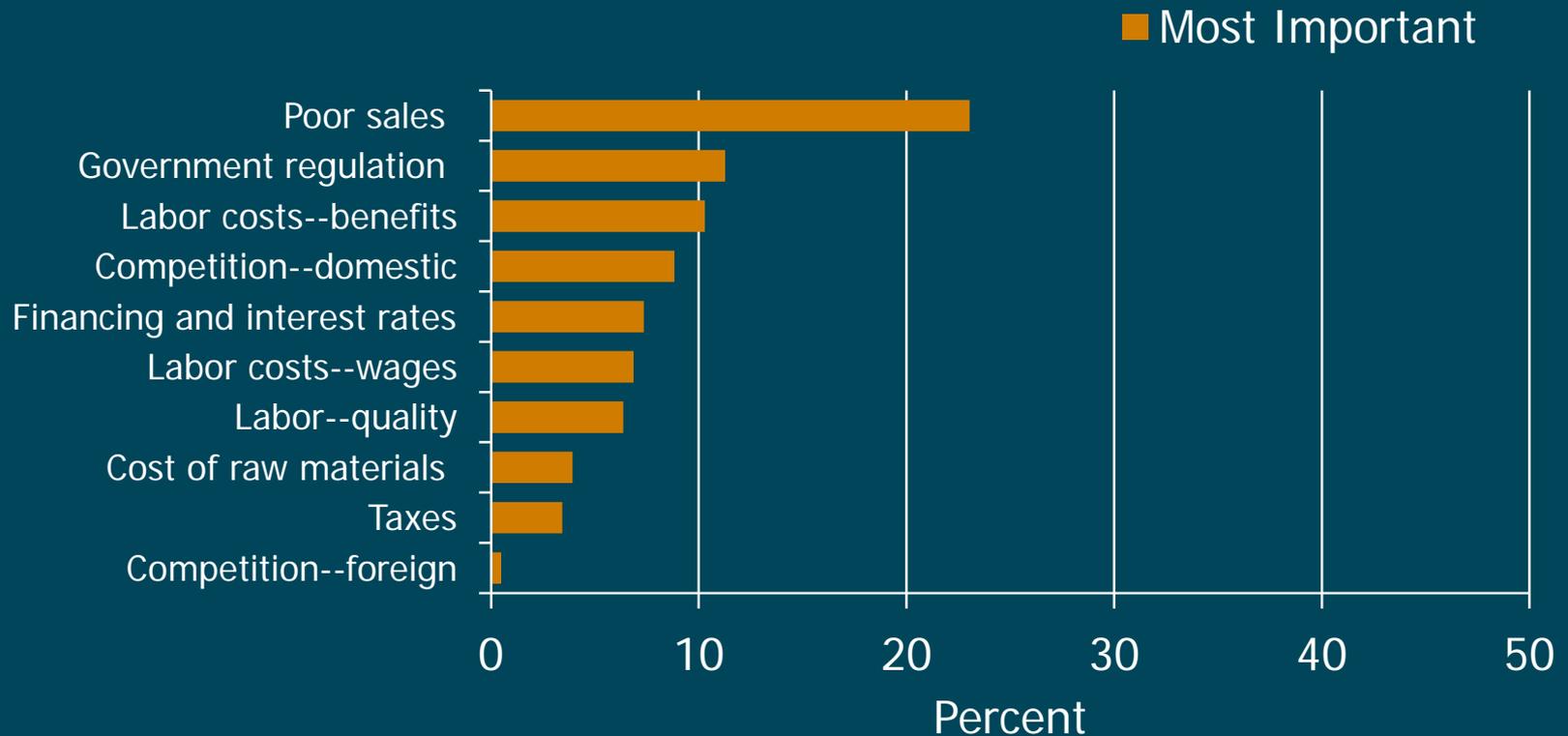
Capital Expenditures GPCC Members



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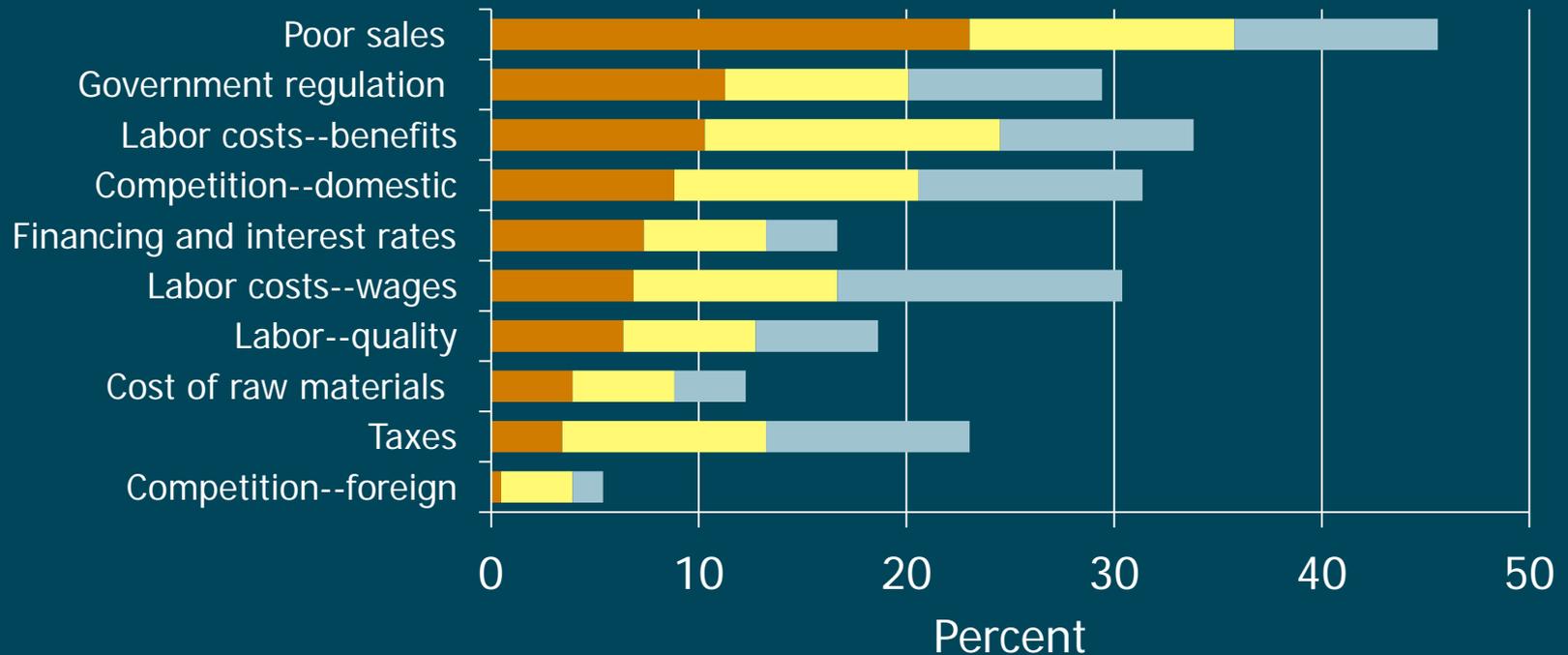


Problems Facing Members

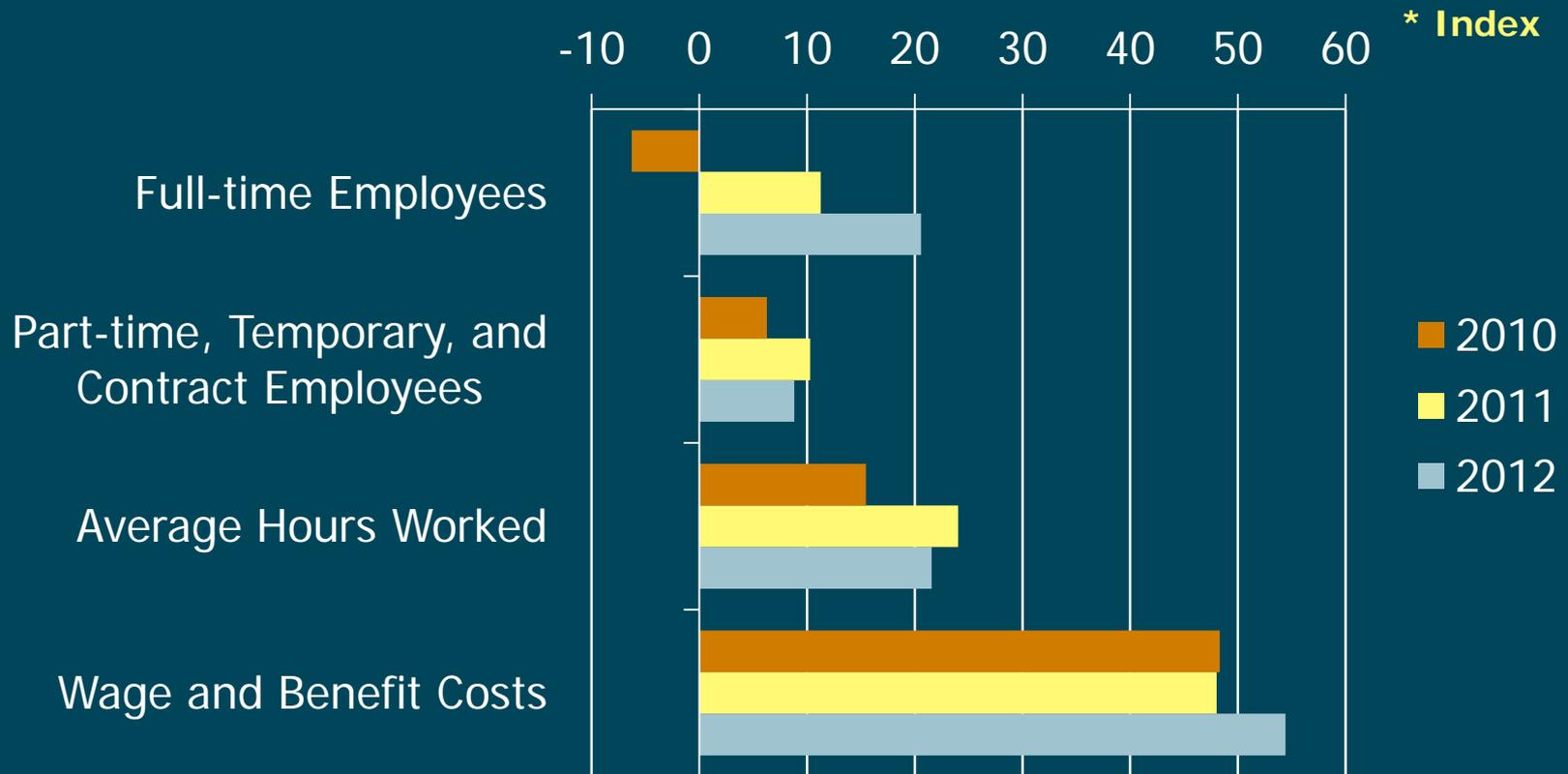


Problems Facing Members

■ Most Important ■ Second Most Important ■ Third Most Important



Employment Costs GPCC Members



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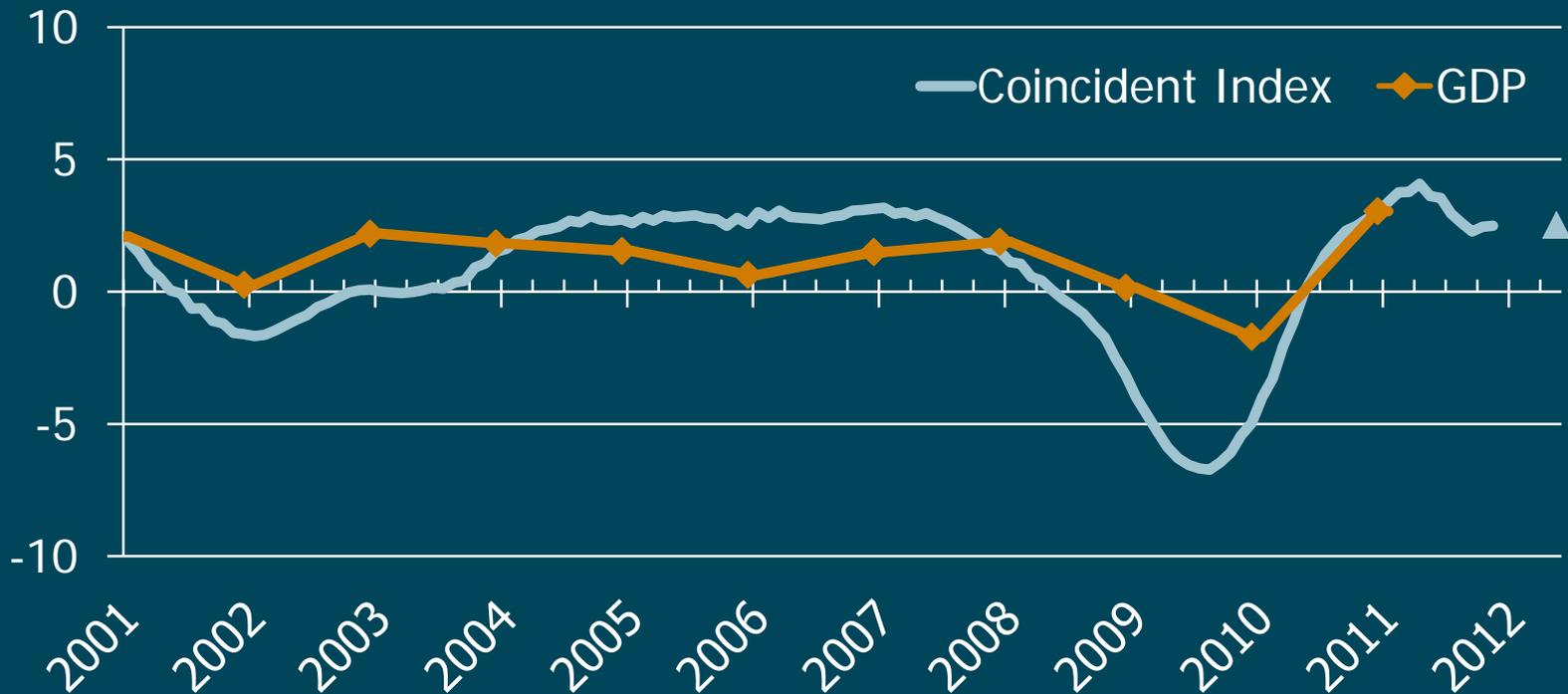
Third District Economy PA, NJ, and DE

- Area has improved over the past year
- Unemployment has fallen
 - Rates remain high, as the economy lacks the strength to accommodate all job seekers.
- Single-family housing market remains weak



Pennsylvania Output Growth PA Index* vs PA GDP

* 12-month Percentage Change

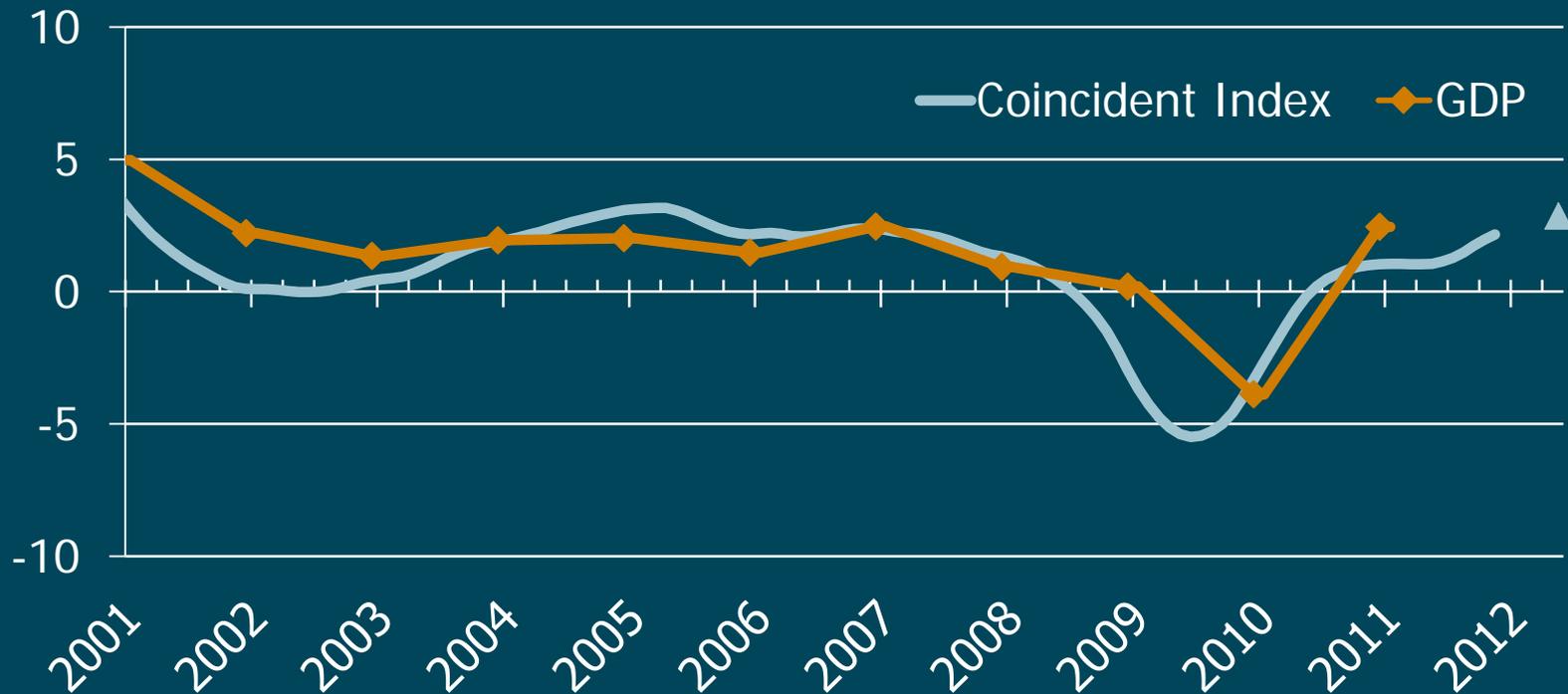


* <http://www.philadelphiafed.org/research-and-data/regional-economy/indexes/coincident/>



New Jersey Output Growth NJ Index* vs NJ GDP

* 12-month Percentage Change



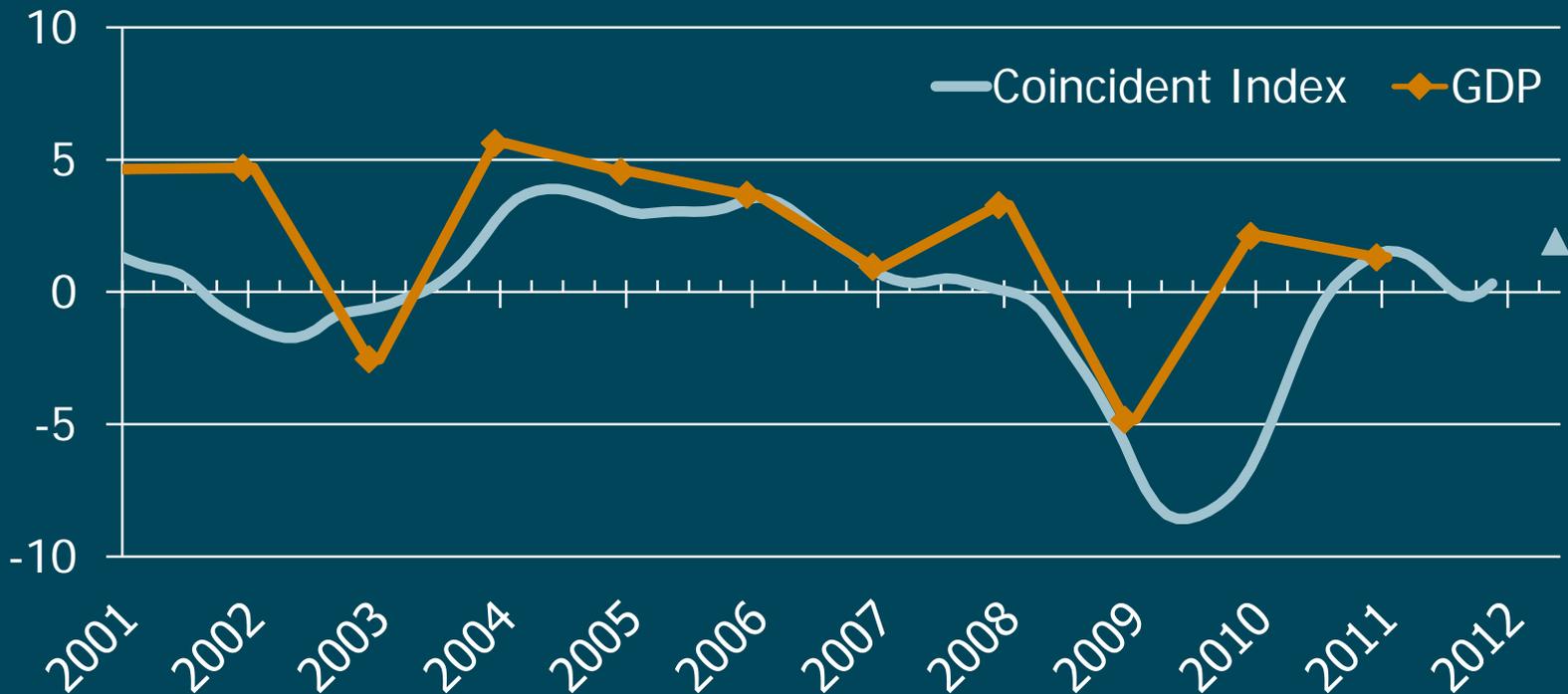
* <http://www.philadelphiafed.org/research-and-data/regional-economy/indexes/coincident/>



Delaware Output Growth

DE Index* vs DE GDP

* 12-month Percentage Change



* <http://www.philadelphiafed.org/research-and-data/regional-economy/indexes/coincident/>

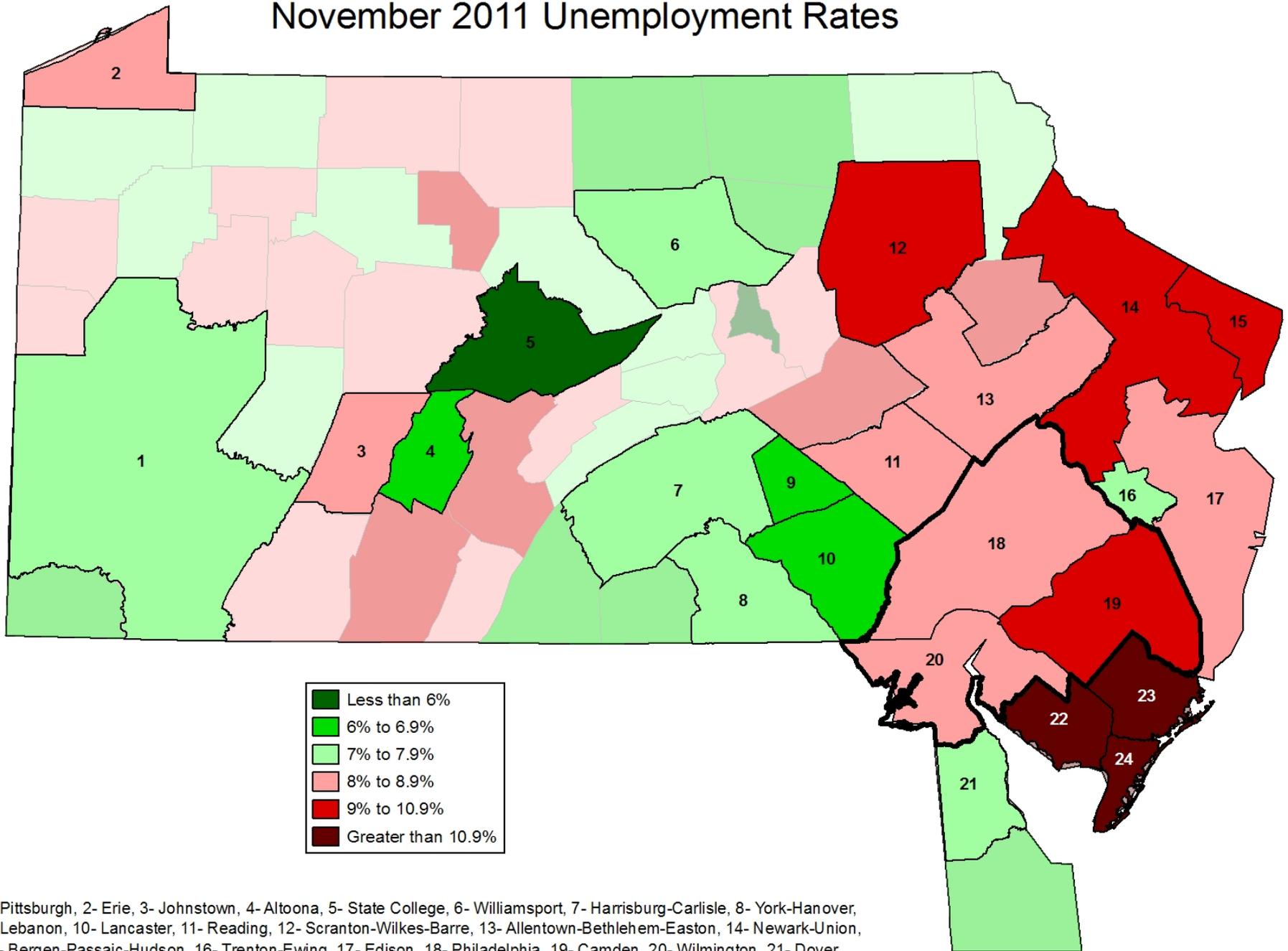


Labor Market Concerns

- Unemployment rates remain high but have fallen considerably in rural Pennsylvania
- It is hard to match skills to job openings
- Labor is becoming more costly



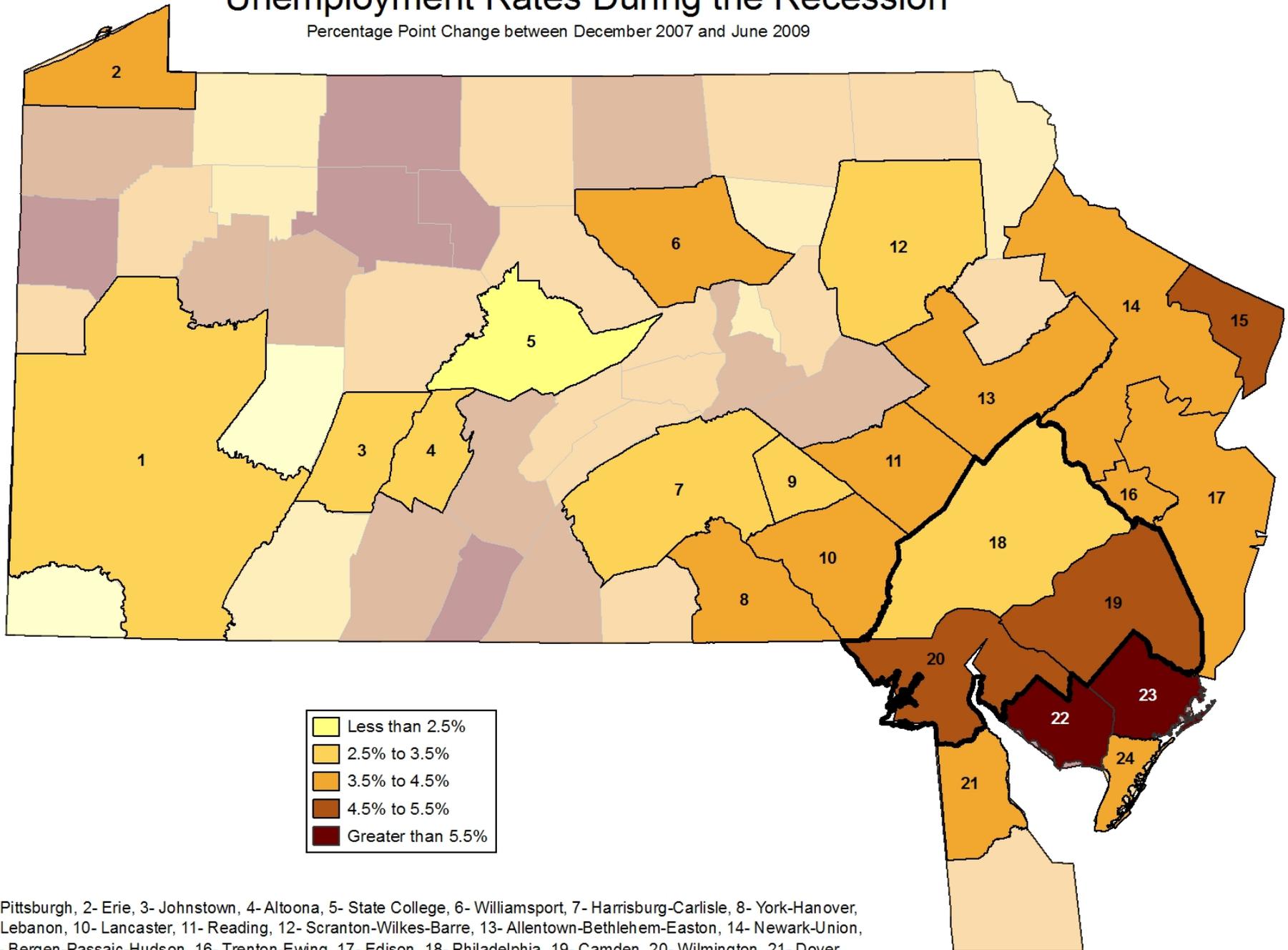
November 2011 Unemployment Rates



1- Pittsburgh, 2- Erie, 3- Johnstown, 4- Altoona, 5- State College, 6- Williamsport, 7- Harrisburg-Carlisle, 8- York-Hanover, 9- Lebanon, 10- Lancaster, 11- Reading, 12- Scranton-Wilkes-Barre, 13- Allentown-Bethlehem-Easton, 14- Newark-Union, 15- Bergen-Passaic-Hudson, 16- Trenton-Ewing, 17- Edison, 18- Philadelphia, 19- Camden, 20- Wilmington, 21- Dover, 22- Vineland-Millville-Bridgeton, 23- Atlantic City, 24- Ocean City

Unemployment Rates During the Recession

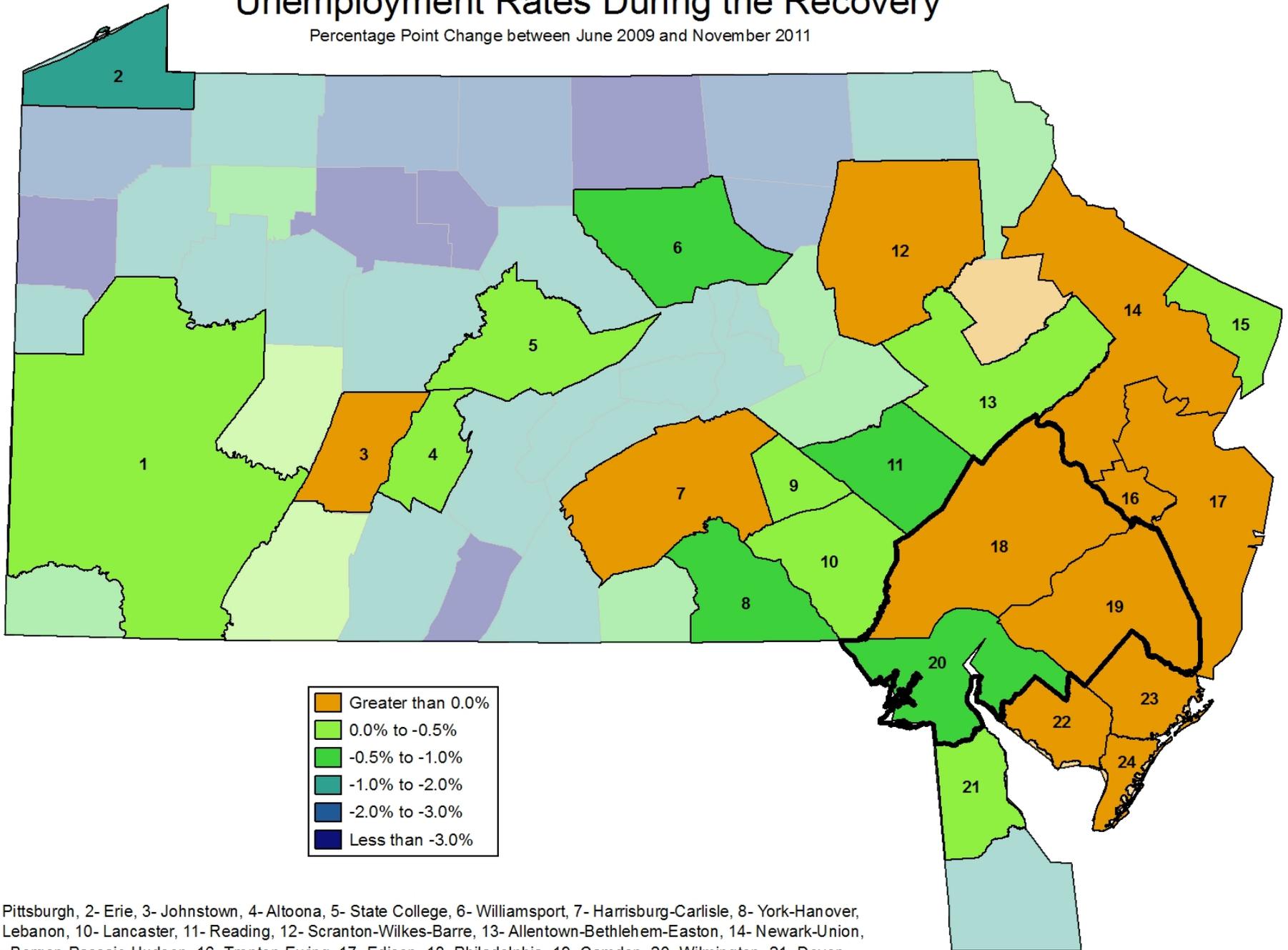
Percentage Point Change between December 2007 and June 2009



1- Pittsburgh, 2- Erie, 3- Johnstown, 4- Altoona, 5- State College, 6- Williamsport, 7- Harrisburg-Carlisle, 8- York-Hanover, 9- Lebanon, 10- Lancaster, 11- Reading, 12- Scranton-Wilkes-Barre, 13- Allentown-Bethlehem-Easton, 14- Newark-Union, 15- Bergen-Passaic-Hudson, 16- Trenton-Ewing, 17- Edison, 18- Philadelphia, 19- Camden, 20- Wilmington, 21- Dover, 22- Vineland-Millville-Bridgeton, 23- Atlantic City, 24- Ocean City

Unemployment Rates During the Recovery

Percentage Point Change between June 2009 and November 2011



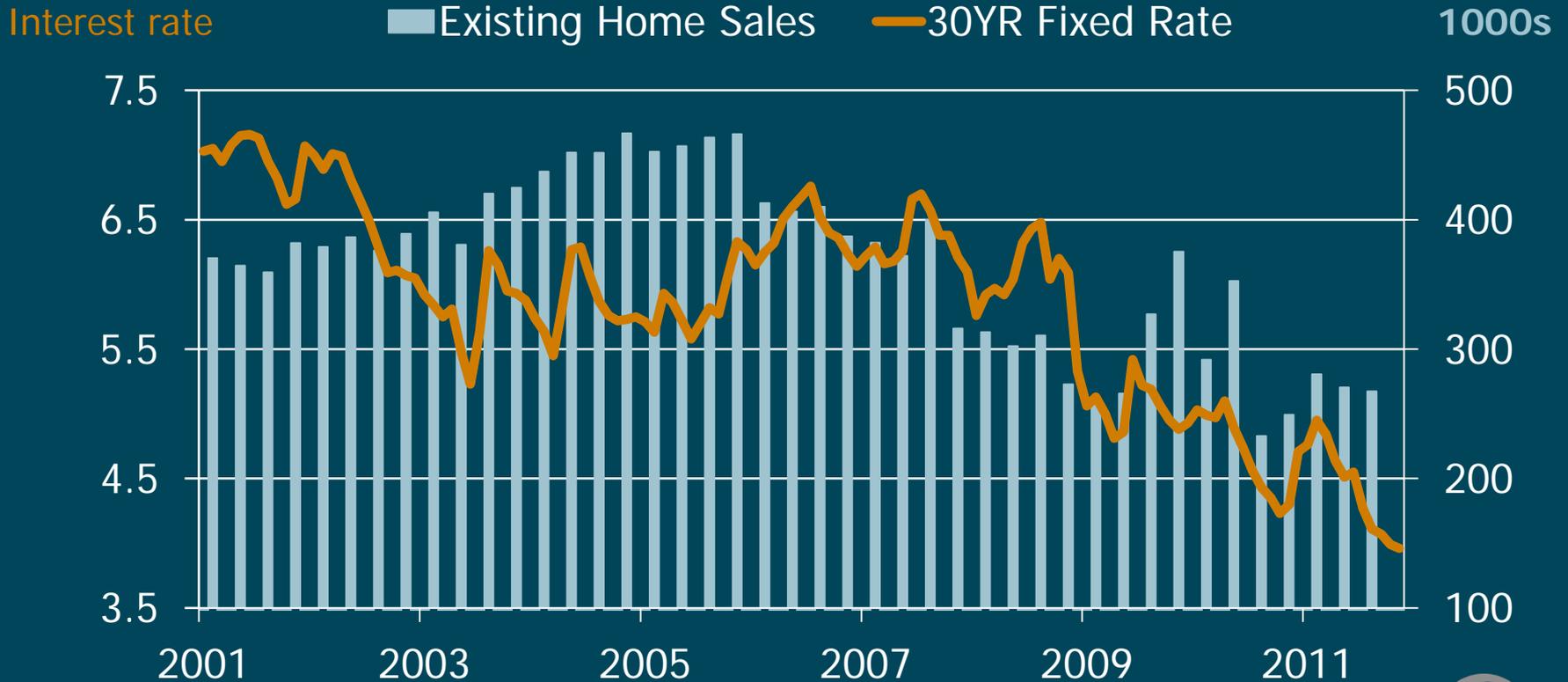
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Housing Concerns

- Weakness in home purchases
 - Homebuilding activity and employment will suffer
- Weakness in refinancing
 - Spending will likely remain under negative pressure



Accommodative Environment for Housing



Outlook

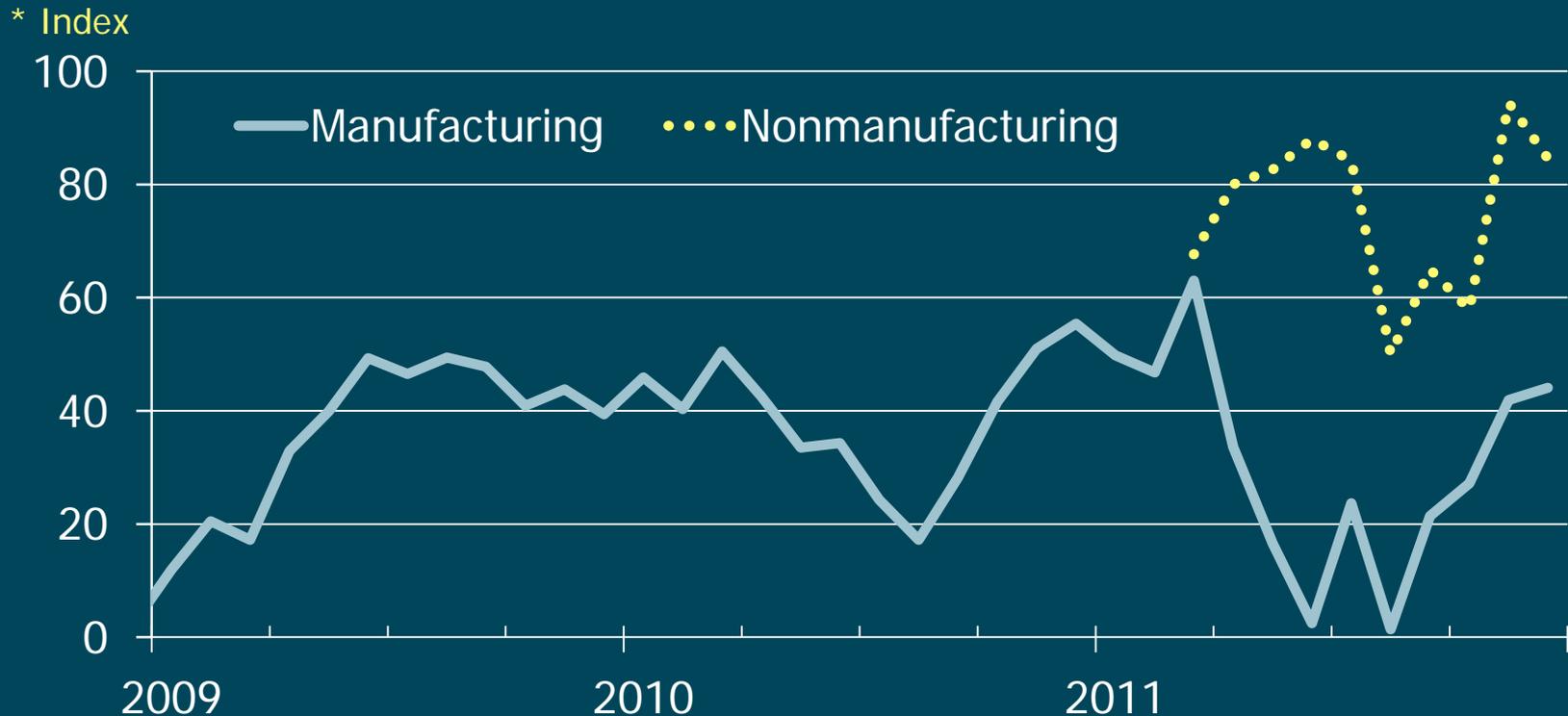
- PA, NJ, and DE are expected to improve over the next six months.*
 - PA, 2.2%
 - NJ, 1.3%
 - DE, 1.9%
- Risks
 - Unemployment
 - Housing

* <http://www.philadelphiafed.org/research-and-data/regional-economy/indexes/leading/>



Business Outlook Survey

Change in activity over the next 6 months



*A diffusion index is the difference between the percentage of firms indicating increasing activity and the percentage of firms indicating declining activity.



Thank you for participating!

Make a difference by participating in next
year's survey.



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Survey Notes

- Conducted from November 30 to December 14, 2011
- Responses: 204 members of the GPCC
- Survey representative of GPCC industry membership
- Professional and business services account for the largest proportion



Appendix

	Significantly lower	Slightly lower	Same	Slightly higher	Significantly higher	Not applicable	No response	Diffusion Index
A. What is your assessment of changes in business conditions:								
General activity								
1. For the REGION:								
2011 compared with 2010	10.29%	20.59%	25.98%	37.75%	0.98%	0.49%	3.92%	7.84%
2012 compared with 2011	5.39%	13.73%	28.43%	39.71%	3.43%	1.47%	7.84%	24.02%
2. For your COMPANY:								
2011 compared with 2010	10.78%	14.71%	21.57%	38.24%	12.25%	0.98%	1.47%	25.00%
2012 compared with 2011	3.43%	13.24%	20.59%	46.57%	10.78%	1.47%	3.92%	40.69%

C. What are the three most important problems your business is facing at this time?			
	Most Important Problem	Second Most Important Problem	Third Most Important Problem
Labor costs--wages	6.86%	9.80%	13.73%
Labor costs--benefits	10.29%	14.22%	9.31%
Labor--quality	6.37%	6.37%	5.88%
Financing and interest rates	7.35%	5.88%	3.43%
Cost of raw materials	3.92%	4.90%	3.43%
Competition--foreign	0.49%	3.43%	1.47%
Competition--domestic	8.82%	11.76%	10.78%
Poor sales	23.04%	12.75%	9.80%
Government regulation	11.27%	8.82%	9.31%
Taxes	3.43%	9.80%	9.80%
Other (write-in)	8.33%	2.45%	2.45%
No response	9.80%	9.80%	20.59%



	Significantly lower	Slightly lower	Same	Slightly higher	Significantly higher	Not applicable	No response	Diffusion Index
B. Specific company performance measures:								
1. New Orders								
2011 compared with 2010	11.76%	11.76%	12.75%	38.73%	9.80%	8.82%	6.37%	25.00%
<i>2012 compared with 2011</i>	4.90%	7.84%	19.12%	39.71%	9.31%	9.80%	9.31%	36.27%
2. Sales or Revenue								
2011 compared with 2010	11.27%	16.18%	16.18%	39.71%	12.75%	1.96%	1.96%	25.00%
<i>2012 compared with 2011</i>	5.39%	12.75%	17.16%	44.12%	12.25%	2.94%	5.39%	38.24%
3. Unfilled Orders								
2011 compared with 2010	1.96%	4.90%	13.24%	7.35%	2.94%	34.80%	34.80%	3.43%
<i>2012 compared with 2011</i>	1.96%	6.37%	14.22%	4.90%	0.98%	35.29%	36.27%	-2.45%
4. Inventories (Finished Goods or Goods for Sale)								
2011 compared with 2010	2.94%	5.88%	12.25%	6.86%	2.94%	31.86%	37.25%	0.98%
<i>2012 compared with 2011</i>	0.98%	4.90%	14.71%	6.37%	2.45%	31.86%	38.73%	2.94%
5. Prices Paid								
2011 compared with 2010	1.96%	8.33%	29.41%	40.20%	2.94%	6.86%	10.29%	32.84%
<i>2012 compared with 2011</i>	1.47%	6.37%	25.00%	42.65%	4.41%	7.35%	12.75%	39.22%
6. Prices Received								
2011 compared with 2010	2.94%	16.18%	31.86%	28.43%	2.45%	6.37%	11.76%	11.76%
<i>2012 compared with 2011</i>	2.45%	8.82%	33.82%	32.35%	0.98%	7.35%	14.22%	22.06%
7. Number of Employees--Full-time Permanent								
2011 compared with 2010	5.88%	15.69%	39.22%	26.96%	5.88%	1.96%	4.41%	11.27%
<i>2012 compared with 2011</i>	2.94%	12.25%	39.71%	32.35%	3.43%	3.43%	5.88%	20.59%
8. Number of Employees--Part-time, Temporary, and Contract								
2011 compared with 2010	4.41%	12.25%	40.69%	23.53%	3.43%	5.39%	10.29%	10.29%
<i>2012 compared with 2011</i>	4.90%	8.82%	45.10%	21.57%	0.98%	6.37%	12.25%	8.82%
9. Average Hours Worked Per Week								
2011 compared with 2010	2.94%	7.84%	46.08%	28.92%	5.88%	1.96%	6.37%	24.02%
<i>2012 compared with 2011</i>	1.47%	7.84%	48.53%	25.00%	5.88%	3.92%	7.35%	21.57%
10. Wage and Benefit Costs								
2011 compared with 2010	1.96%	6.86%	26.96%	51.47%	5.39%	0.98%	6.37%	48.04%
<i>2012 compared with 2011</i>	1.96%	5.88%	20.59%	54.90%	7.35%	1.96%	7.35%	54.41%
11. Capital Expenditures--Physical Plant								
2011 compared with 2010	2.45%	6.37%	28.92%	26.96%	3.43%	12.25%	19.61%	21.57%
<i>2012 compared with 2011</i>	3.43%	4.41%	26.96%	23.53%	7.84%	13.24%	20.59%	23.53%
12. Capital Expenditures--Equipment and Software								
2011 compared with 2010	2.45%	9.31%	32.35%	30.39%	6.86%	3.92%	14.71%	25.49%
<i>2012 compared with 2011</i>	3.43%	6.37%	26.96%	34.80%	7.84%	4.41%	16.18%	32.84%

