



East Stroudsburg University, 10th Annual Economic Outlook Summit

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*The views expressed today are my own and not necessarily those of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

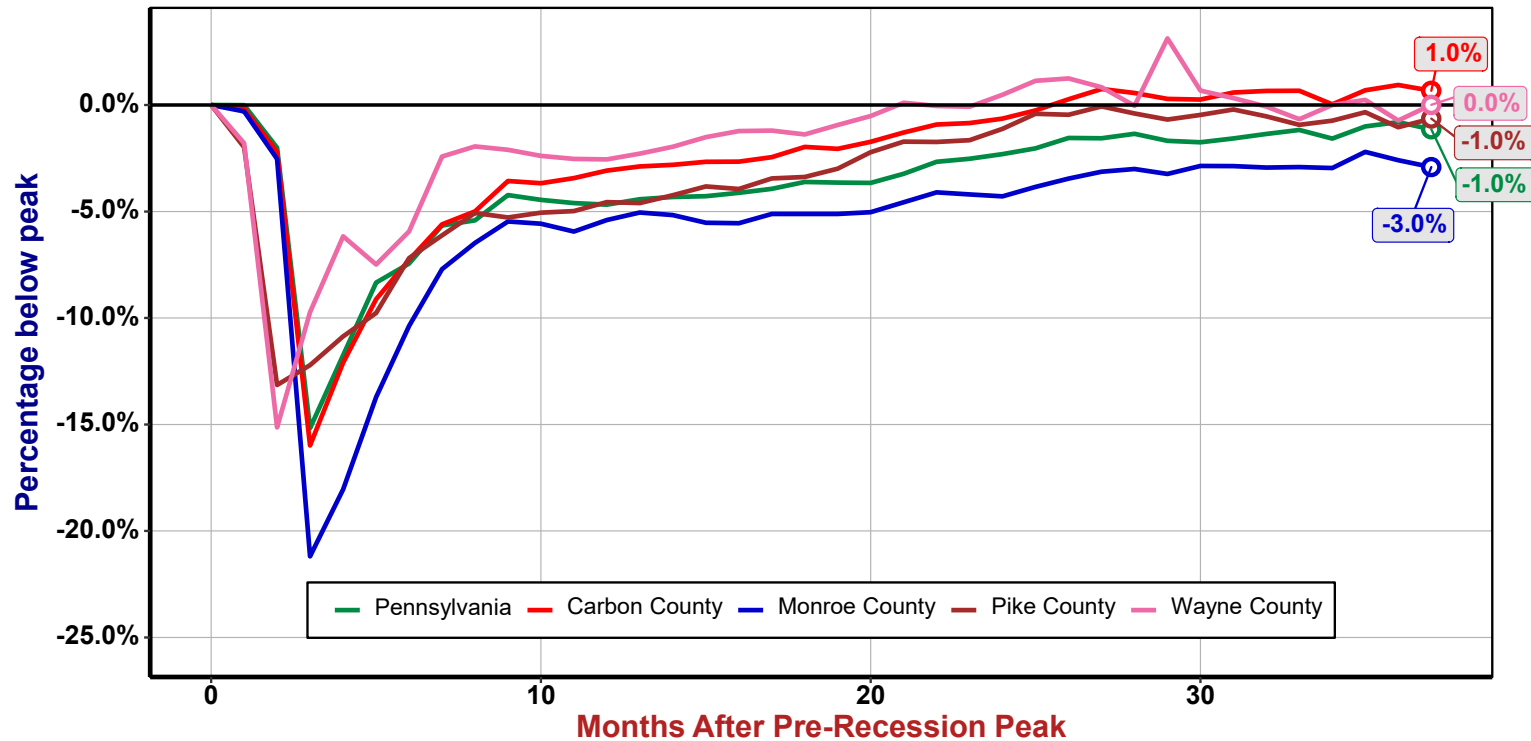
Presentation Outline

- Positive economic trends in the region
 - Labor market recovery
 - Housing market strength
 - Domestic migration activities
- Short and long-term challenges in the region
 - Inflation
 - Labor market tightness
 - Industry mix
 - Aging population

Positive Economic Trends in the Region

COVID Recession Employment Recovery by County

- Current employment relative to pre-pandemic peak, Pocono Counties.
- Swift recovery from the pandemic.
- Carbon and Wayne counties have fully recovered in terms of employment, while the other counties are very close to full recovery.



Source: Calculations from BLS via Haver Analytics
 Last Month plotted: Mar 2023
 Each Area's peak determined individually.

Most In-Demand Jobs

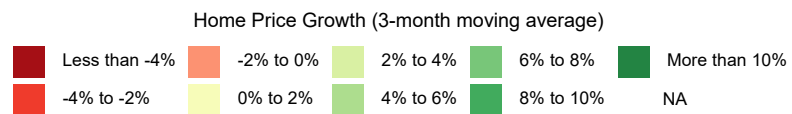
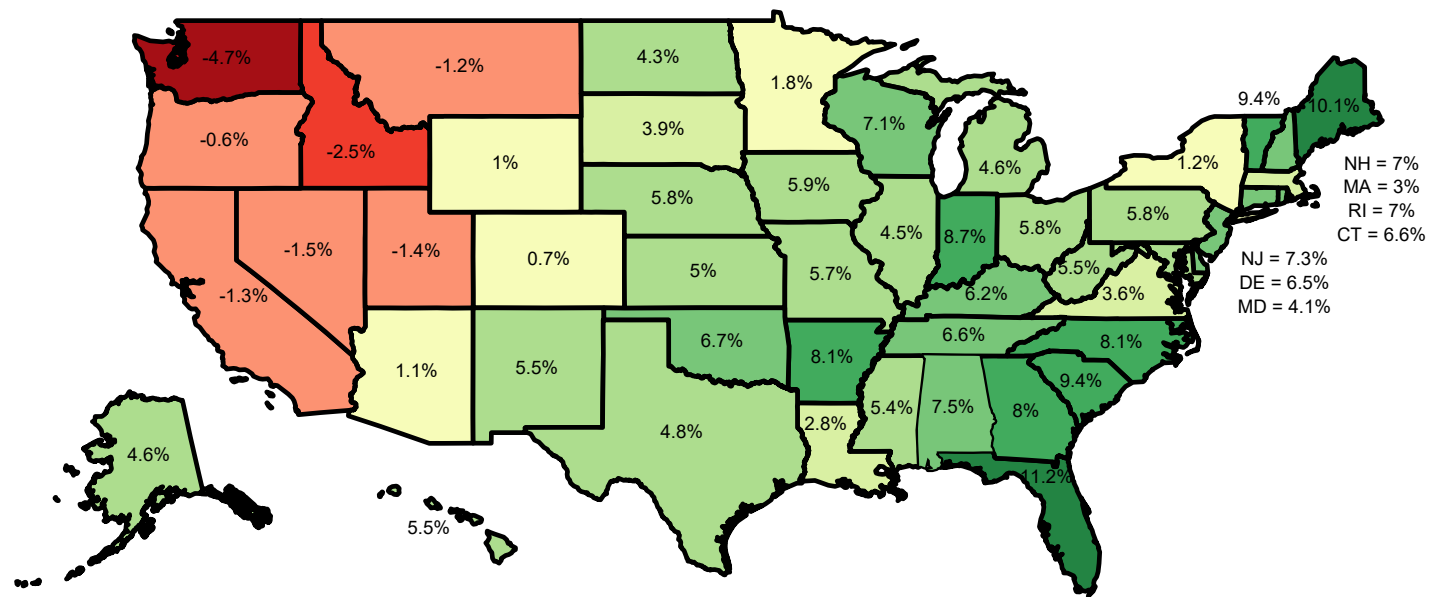
- Based on total count of online job ads for Carbon, Monroe, Pike, and Wayne counties.
- Even higher demand for healthcare services providing occupations.

Total, 2019	Total, 2022	Growth, 2019/2022
Registered Nurses	Registered Nurses	Dentists
Retail Salespersons	Retail Salespersons	First-Line Supervisors of Personal Service Workers
First-Line Supervisors of Retail Sales Workers	Licensed Practical and Licensed Vocational Nurses	Statisticians
Heavy and Tractor-Trailer Truck Drivers	First-Line Supervisors of Retail Sales Workers	Obstetricians and Gynecologists
Licensed Practical and Licensed Vocational Nurses	Personal Care Aides	Personal Care Aides
Managers	Heavy and Tractor-Trailer Truck Drivers	Highway Maintenance Workers
Customer Service Representatives	Customer Service Representatives	Teachers and Instructors
Stock Clerks and Order Fillers	Nursing Assistants	Surgical Technologists
Laborers and Freight/Stock/Material Movers	Laborers and Freight/Stock/Material Movers	Speech-Language Pathologists
Combined Food Preparation/Serving Workers	Stock Clerks and Order Fillers	Physical Therapist Assistants

Source: Calculation using data from Burning Glass Technologies.
 Only occupations with 50 postings or more were included in the calculations for the "Growth" column.
 Occupation categories highlighted in red are those that are in healthcare services providing sector. The occupation group highlighted in orange includes specific jobs that are in the healthcare services providing sector.

Year-Over-Year State Home Price Growth

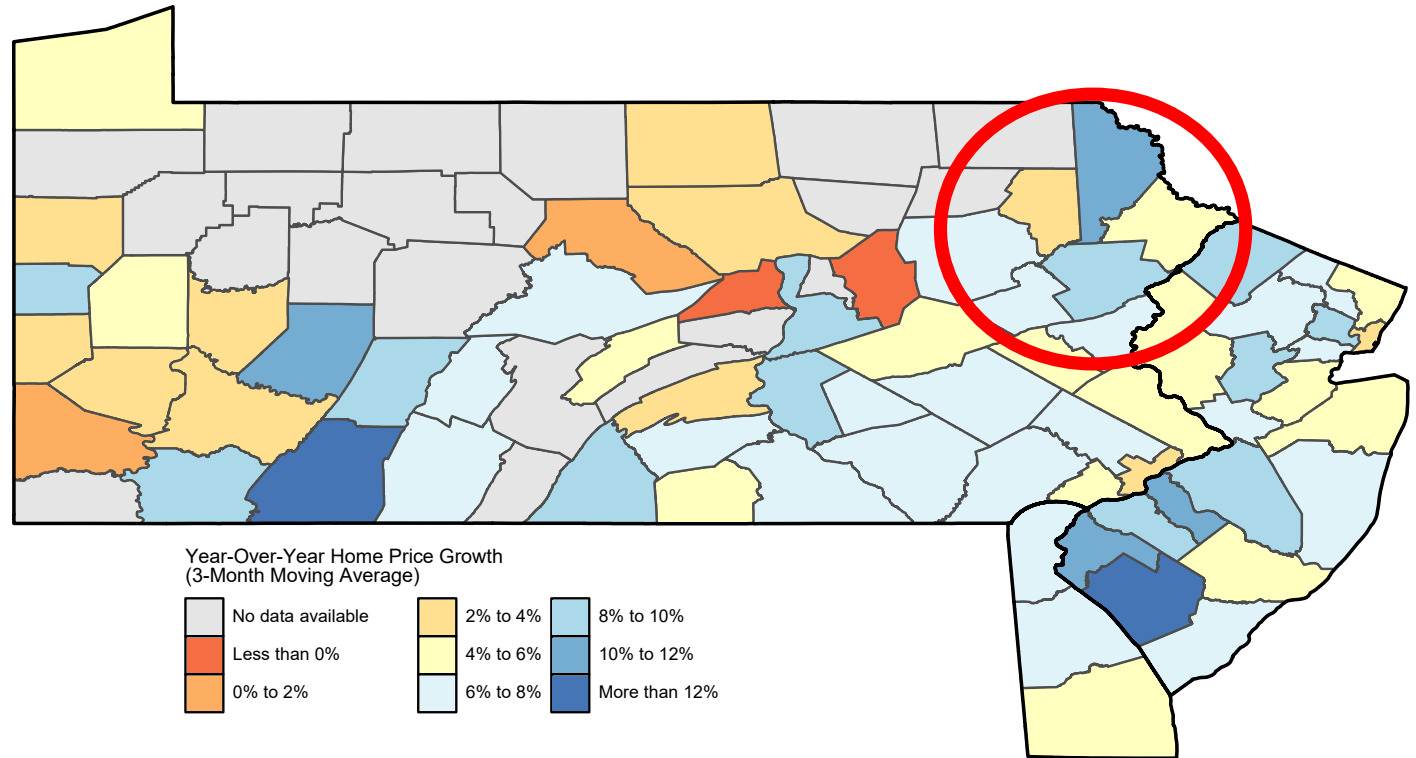
- Core Logic Index, 3-month moving average (nominal).
- Significant slowdown in home price growth, particularly in the West.



Source: Calculations from Core Logic
 Last month included: Mar 2023

Tri-State Area Home Price Growth

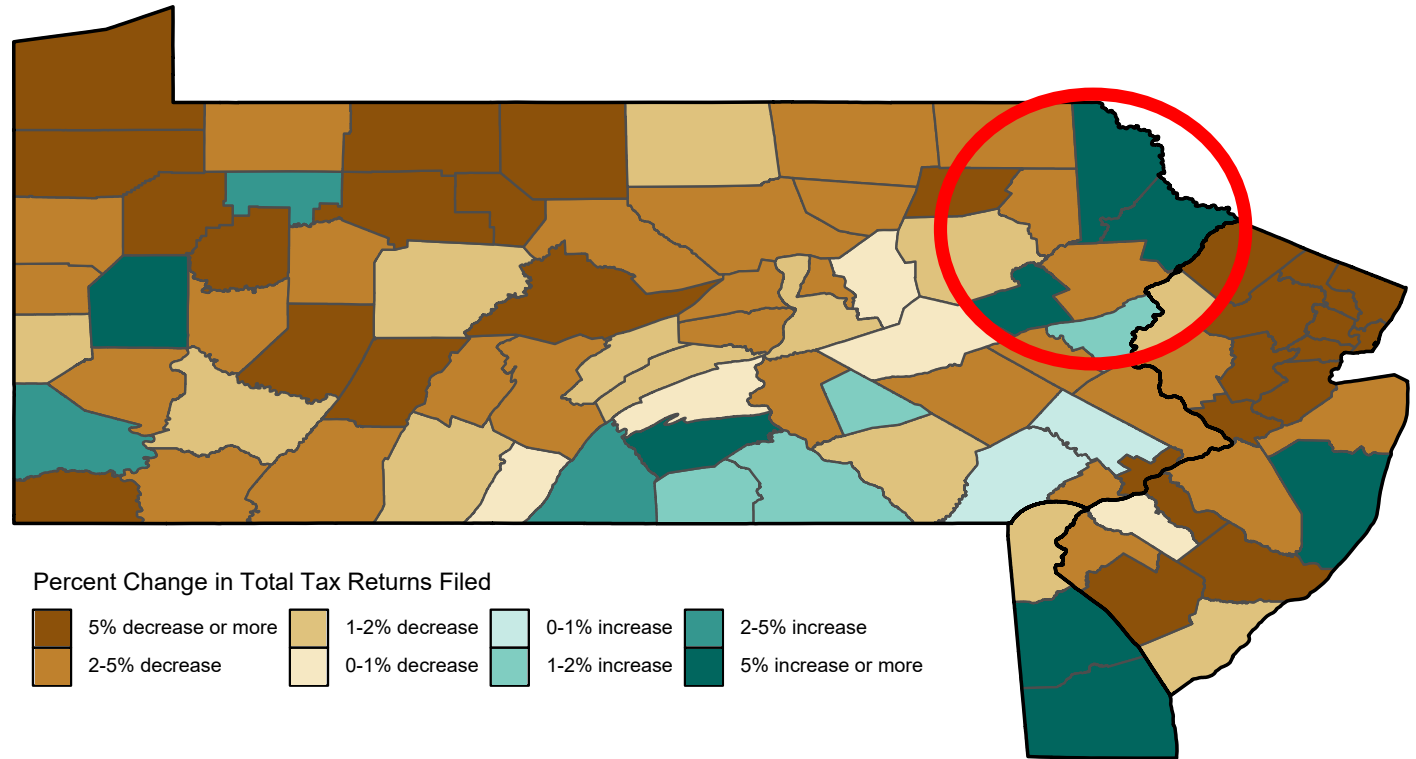
- Year-over-year, Core Logic index (3-month moving average).
- Despite the overall slowdown, home price growth in the local area still seems strong, particularly in Wayne and Monroe counties.



Source: Calculations from Core Logic data.
Last month included: Mar 2023

Tri-State Migration Activities Using IRS Data

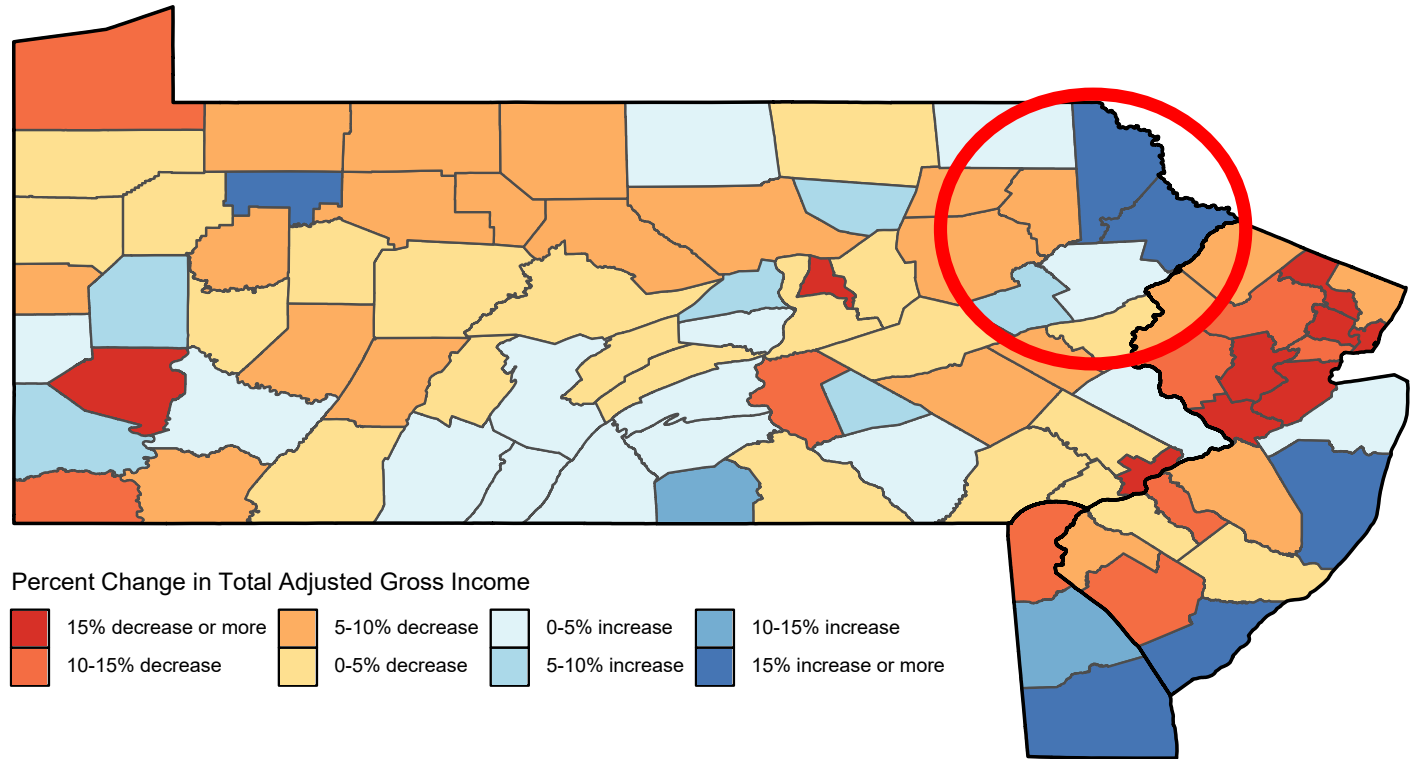
- Percentage Change in Number of Tax Returns, 2007-2021 (base year = 2007).
- Many counties in PA have experienced net loss of tax payers in the past decade.
- Counties around the Pocono area have experienced strong net gain of taxpayers since 2007.
- Why is this important? Because increase in the size of workforce is directly tied with long-term economic growth.



Source: Calculations from Internal Revenue Service data.

Tri-State AGI Losses/Gains From Migration

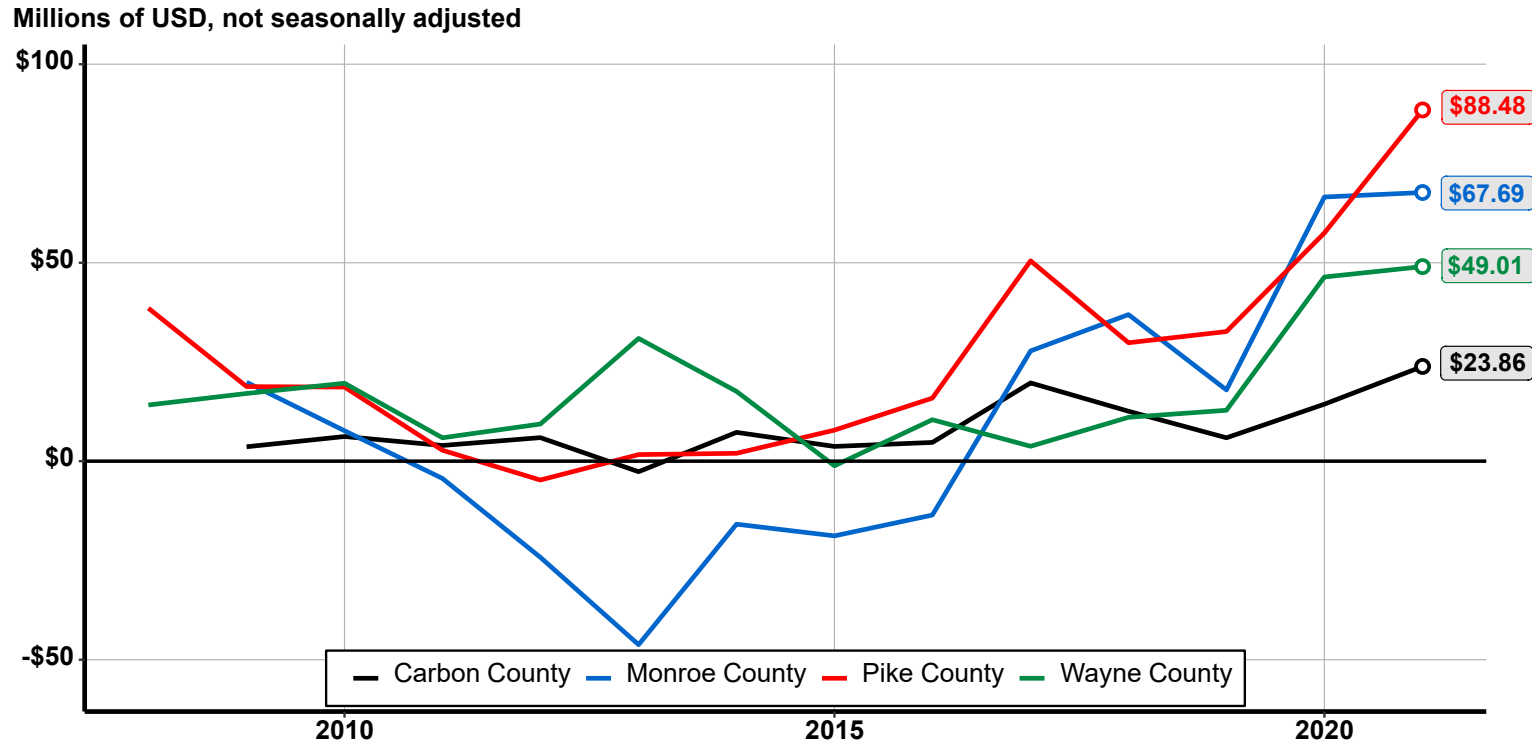
- Percentage change in total adjusted gross income, 2007-2021 (base year = 2007).
- Strong net gain of potential taxable income through migration activities in the region, particularly in Pike and Wayne counties.



Source: Calculations from Internal Revenue Service data.

Net AGI Inflow Due to Migration

- Total AGI inflow minus total AGI outflow due to out of state migration.
- Net positive AGI inflow almost every year since 2007 for Carbon, Pike, and Wayne counties.
- Significant growth of net inflow in Pike county in the last few years.



Source: Calculation using data from the Internal Revenue Service
 Years plotted: 2007 - 2021

Top Origins by County, 2020 to 2021

- Data seem to confirm anecdotal evidence of increased migration from New York.

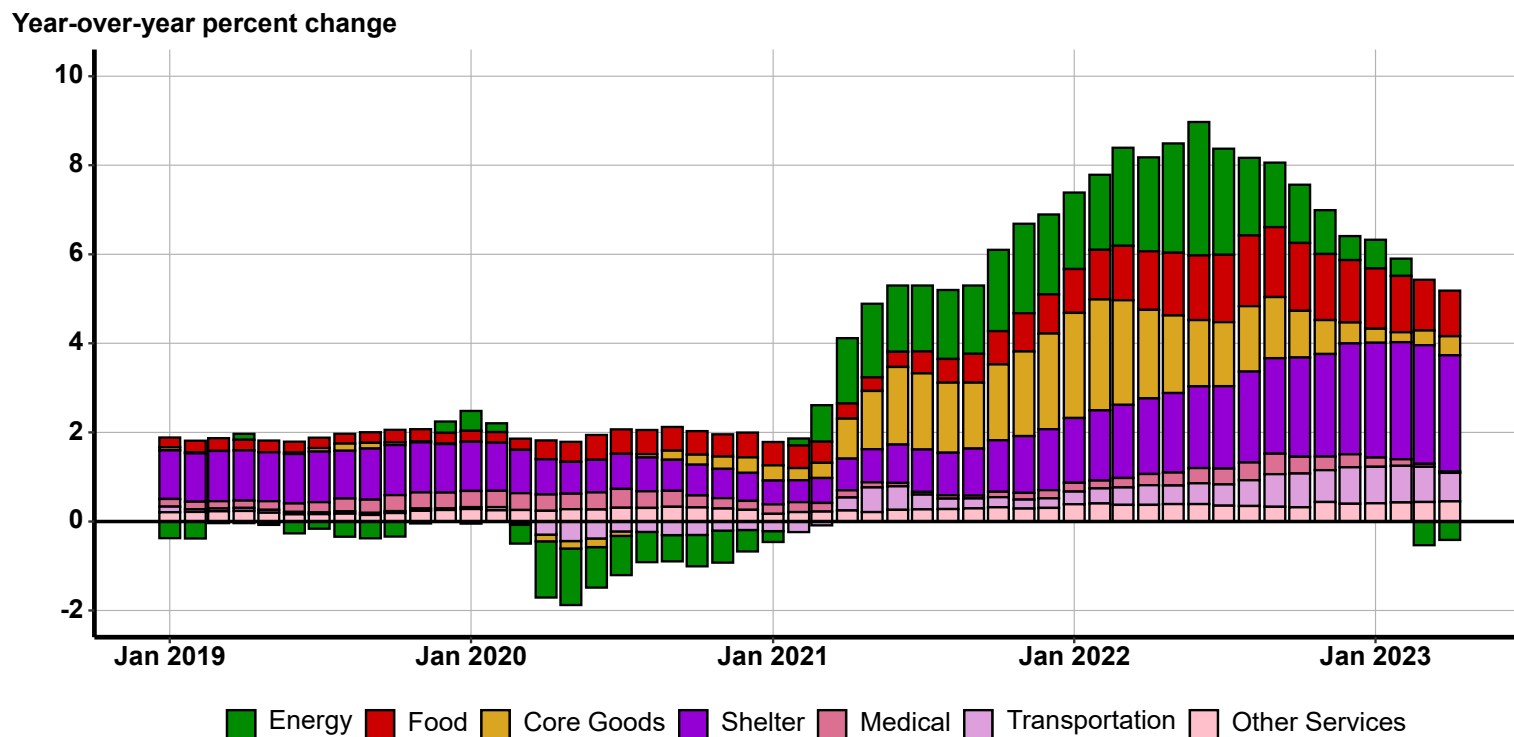
Carbon County	Monroe County	Pike County	Wayne County
Lehigh County, PA	Kings County, NY	Orange County, NY	Lackawanna County, PA
Northampton County, PA	Northampton County, PA	Kings County, NY	New York County, NY
Luzerne County, PA	Queens County, NY	New York County, NY	Pike County, PA
Monroe County, PA	New York County, NY	Wayne County, PA	Queens County, NY
Schuylkill County, PA	Bronx County, NY	Morris County, NJ	Monroe County, PA

Source: Calculation using data from the Internal Revenue Service

Short and Long-Term Challenges in the Region

Headline CPI Inflation – Contributions by Expenditure Category

- Contributions to year-over-year percent growth by expenditure category.
- Starting in early-mid 2021 – commodities and energy largely impacted by supply/demand mismatches coming out of the pandemic.
- Energy and food price increases were further exacerbated by the war of Russia and Ukraine in 2022.
- Now – inflationary pressures lessened in energy and core goods but higher in food, shelter, and services.



Source: Calculation using data from BLS via Haver Analytics
Months plotted: Jan 2000 - Apr 2023

Growth in Nominal Average Hourly Earnings

- Year-over-year percentage change, seasonally adjusted. All private sectors.
- Service inflation is influenced significantly by wage growth.
- As the labor market cools down further, wage growth is likely to follow a similar trend.

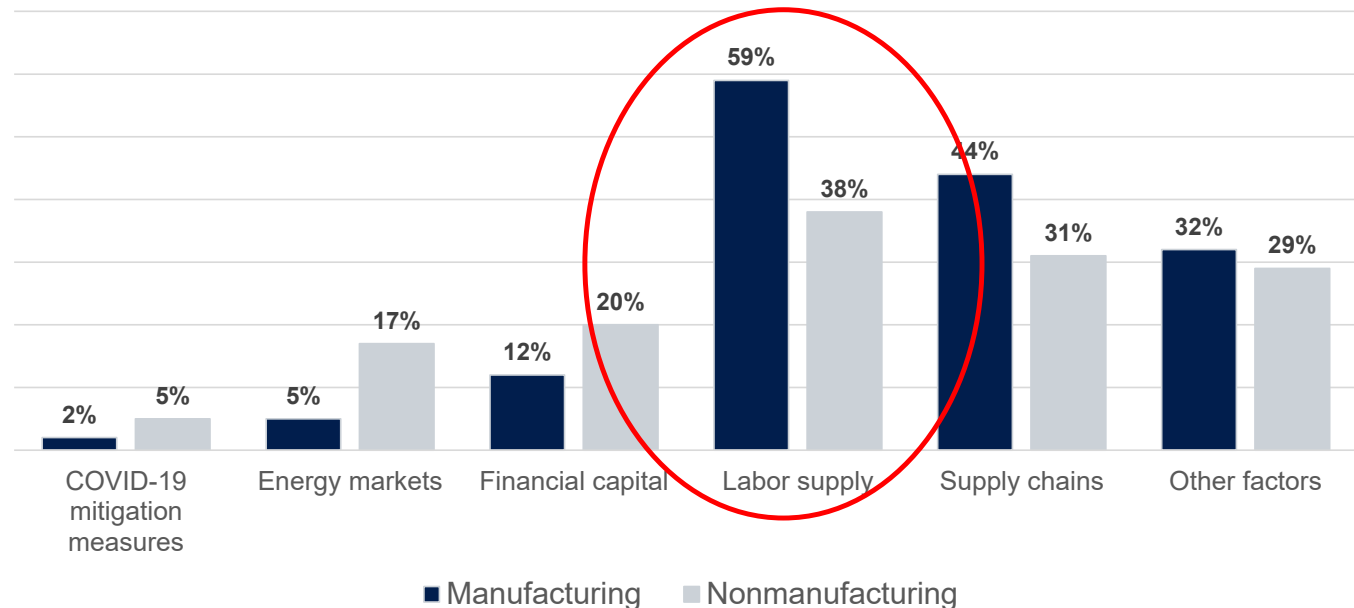


Source: Calculations from BLS
Months plotted: Mar 2007 to Apr 2023

Philadelphia Fed Business Outlook Survey

- March 2023 Special Questions; respondents are manufacturing and non-manufacturing firms throughout the Third District.
- Large share of firms still reporting issues with labor supply – but percent reporting ‘moderate’ or ‘severe’ constraint has decreased.
- Most firms expect constraints to stay the same over the next 3 months (results not shown).

Percent of businesses experiencing ‘moderate’ or ‘significant’ constraints on business in Q1 2023 from the following factors:

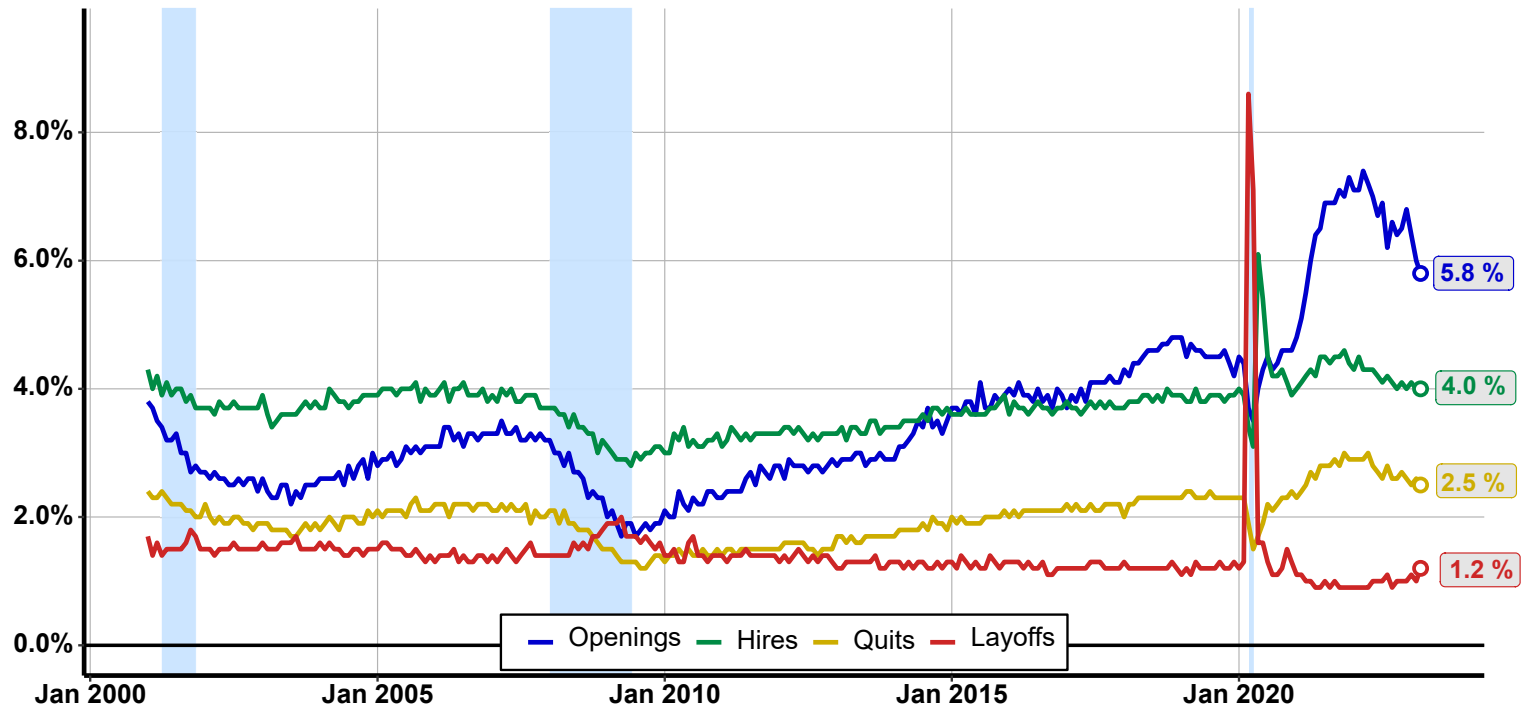


Source: FRB Philadelphia, Manufacturing/Nonmanufacturing Business Outlook Survey (March 2023)

Job Openings and Labor Turnover Survey

- United States, Seasonally Adjusted.
- High level of job openings (9.6 million) and quits (3.9 million).
- The labor market remains robust despite recent evidence of cooling off.

Job Openings, Hires, and Separations (Seasonally Adjusted)

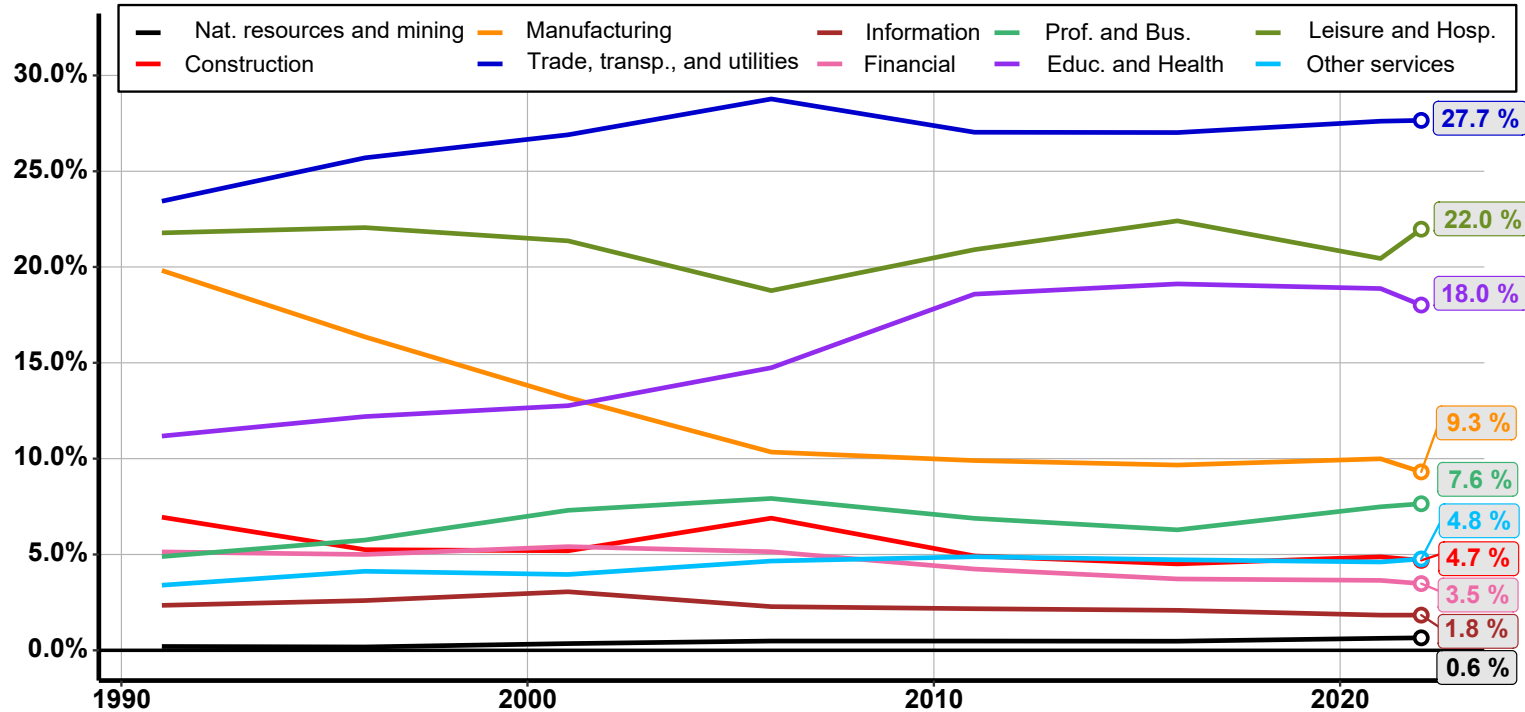


Source: BLS via Haver Analytics
 Months plotted: Jan 2001 - Mar 2023

Employment Share by Sector, Pocono Counties

- Area's dependency on trade and leisure and hospitality sectors has not changed since at least the 1990s.
- Decline in the share of manufacturing employment, which has been replaced by the increase in the share of education and health services providing employment.

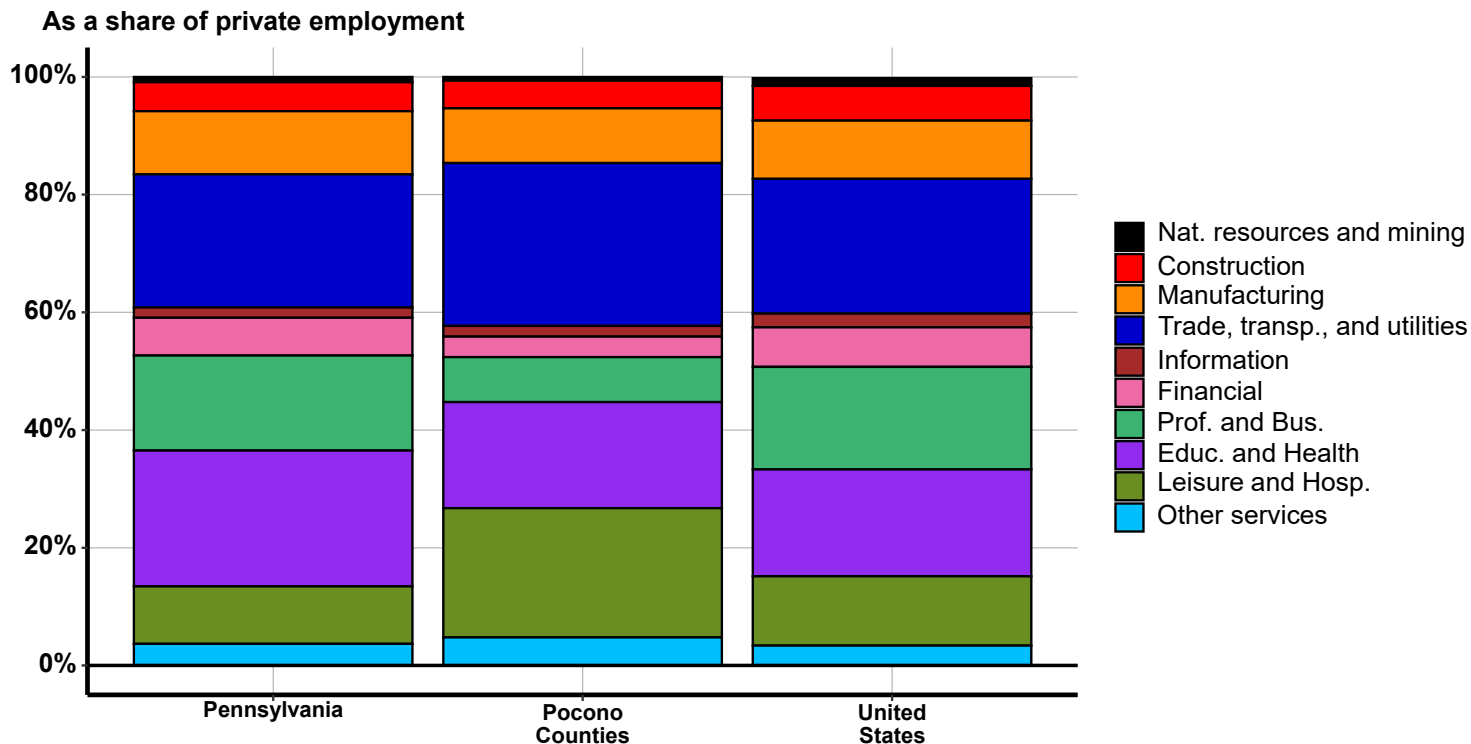
As a share of private employment



Source: U.S. Bureau of Labor Statistics (Quarterly Census of Employment and Wages)
 Values are for December of each year.

Employment Share by Sector Comparison

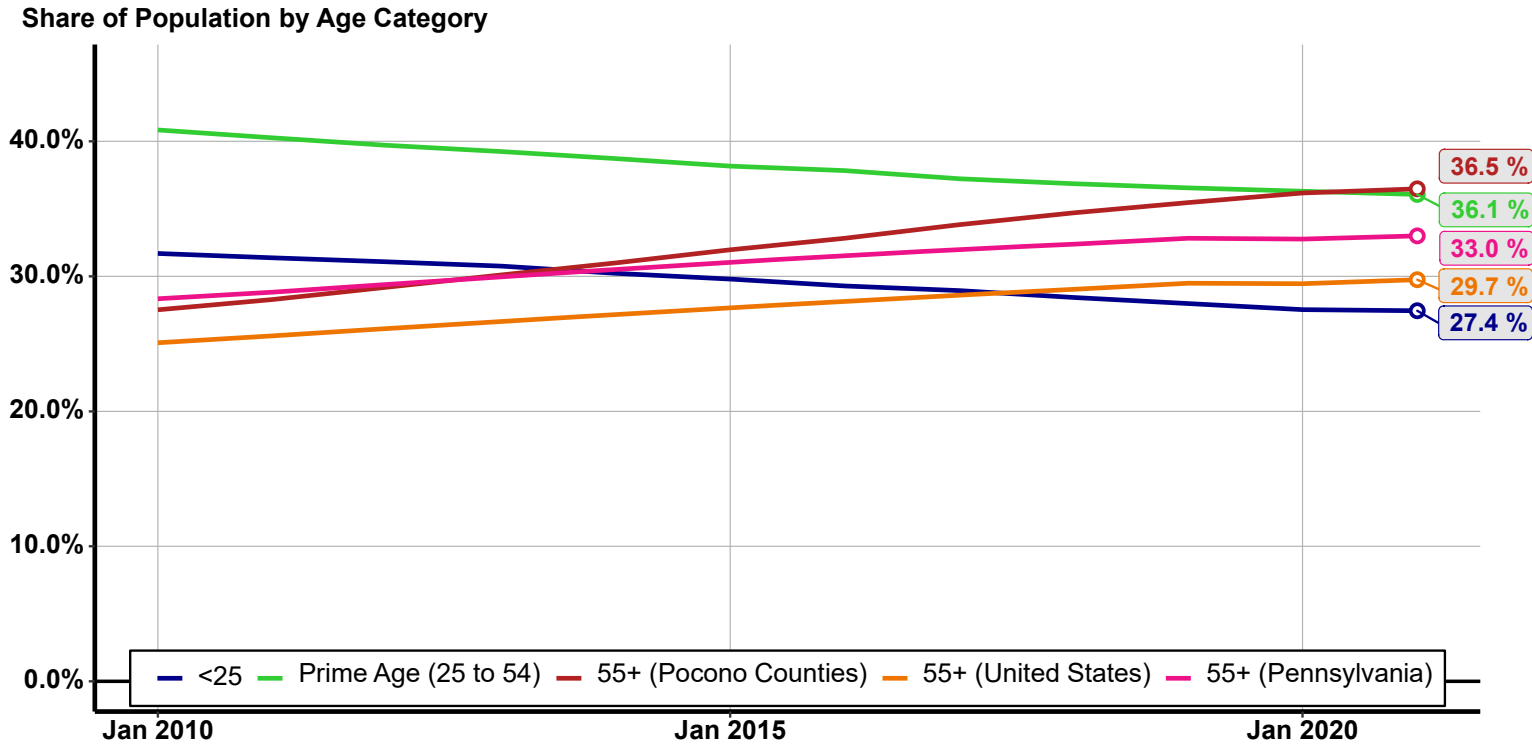
- Leisure and hospitality sector employment share is significantly larger in the Pocono region (22%) compared to the national average (12.4%) and the state average (10.3%).
- Industry mix transformation may already be underway, as we have seen an increase in share of education and health services providing sector.



Source: U.S. Bureau of Labor Statistics (Quarterly Census of Employment and Wages)
 Last Month plotted: December 2021

Share of Population by Age Category, Pocono Counties

- Share of older population in the region has surpassed those of other age categories in 2020.
- The region's share of older population is higher than corresponding shares for the nation and the state.



Source: Census Bureau
 Years plotted: 2010 - 2021

Summary

- Positive economic trends in the region
 - Local labor market has been quick to recover from the pandemic.
 - Housing market has seen a clear slowdown nationally; however, the market around the Pocono region remains relatively strong.
 - Net positive AGI inflow in the region due to domestic migration.
- Short and long-term challenges in the region
 - Inflation is still much too high – but recent trend show that we are moving in the right direction.
 - Labor market is cooling down; however, it still remains tight, and firms continue reporting hiring challenges.
 - While the leisure and hospitality sector continues to be a dominant industry in the region, industry mix transformation may already be underway.
 - The region's share of older population is higher than corresponding shares for the nation and the state.



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