

The Erie Economy: *Performance, Opportunities, and Challenges*

Eggs 'n' Issues
Manufacturer and Business Association
December 2015

Dr. Kenneth Louie
The Economic Research Institute of Erie
Sam and Irene Black School of Business
Penn State Behrend



Overview

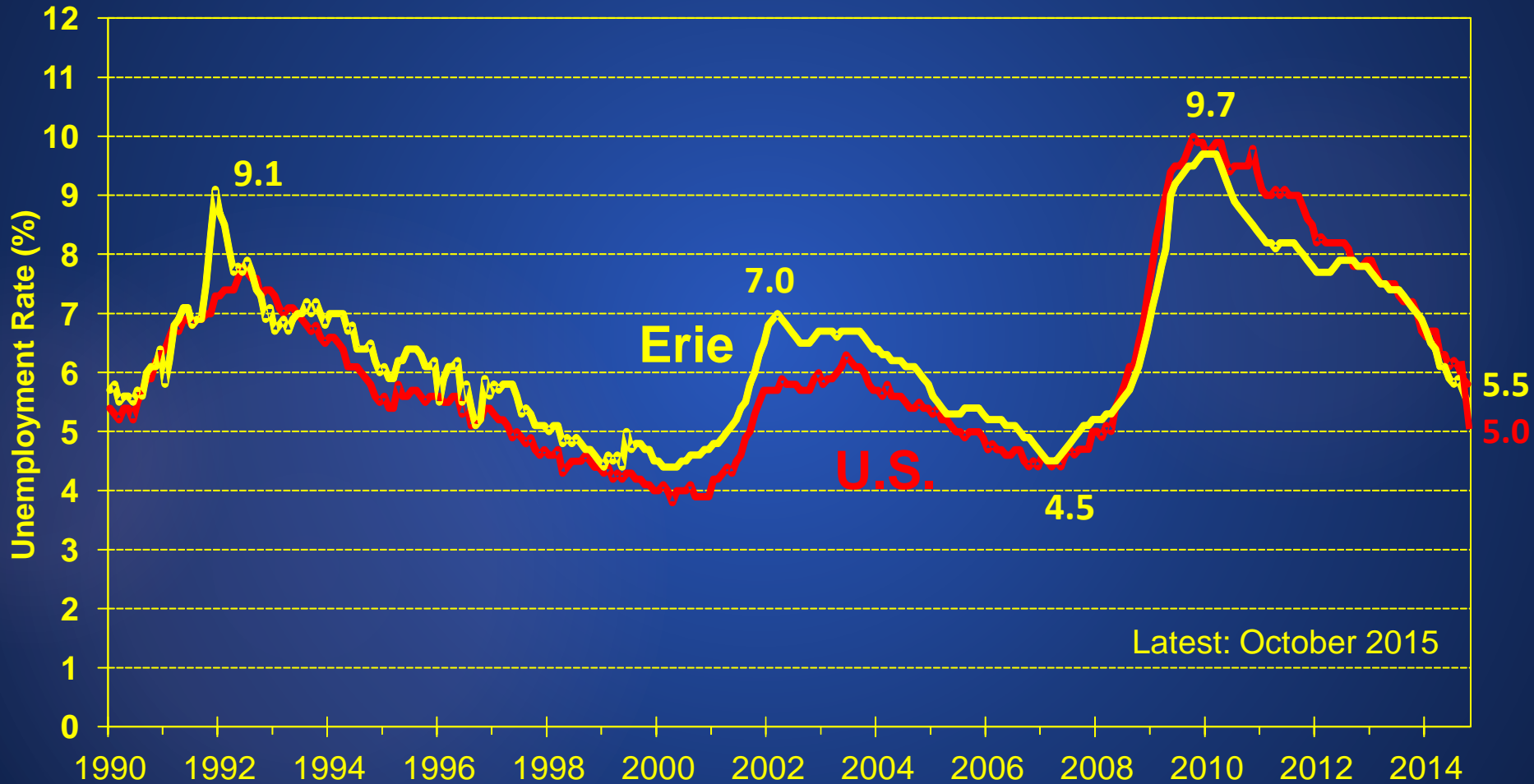
- Employment, Unemployment, & Labor Force Participation
- Output (GDP)
- Income per Capita
- Cost of Living
- Components of Personal Income
- Erie in the Global Economy
- 2016 Economic Outlook
- The Erie Leading Index (ELI)
- Highlights of Some of Our Work at the **Economic Research Institute of Erie** in the Black School of Business at Penn State Behrend

Erie Employment (SA*)



*SA = seasonally adjusted, not South America.
Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

Erie & US Unemployment (SA)

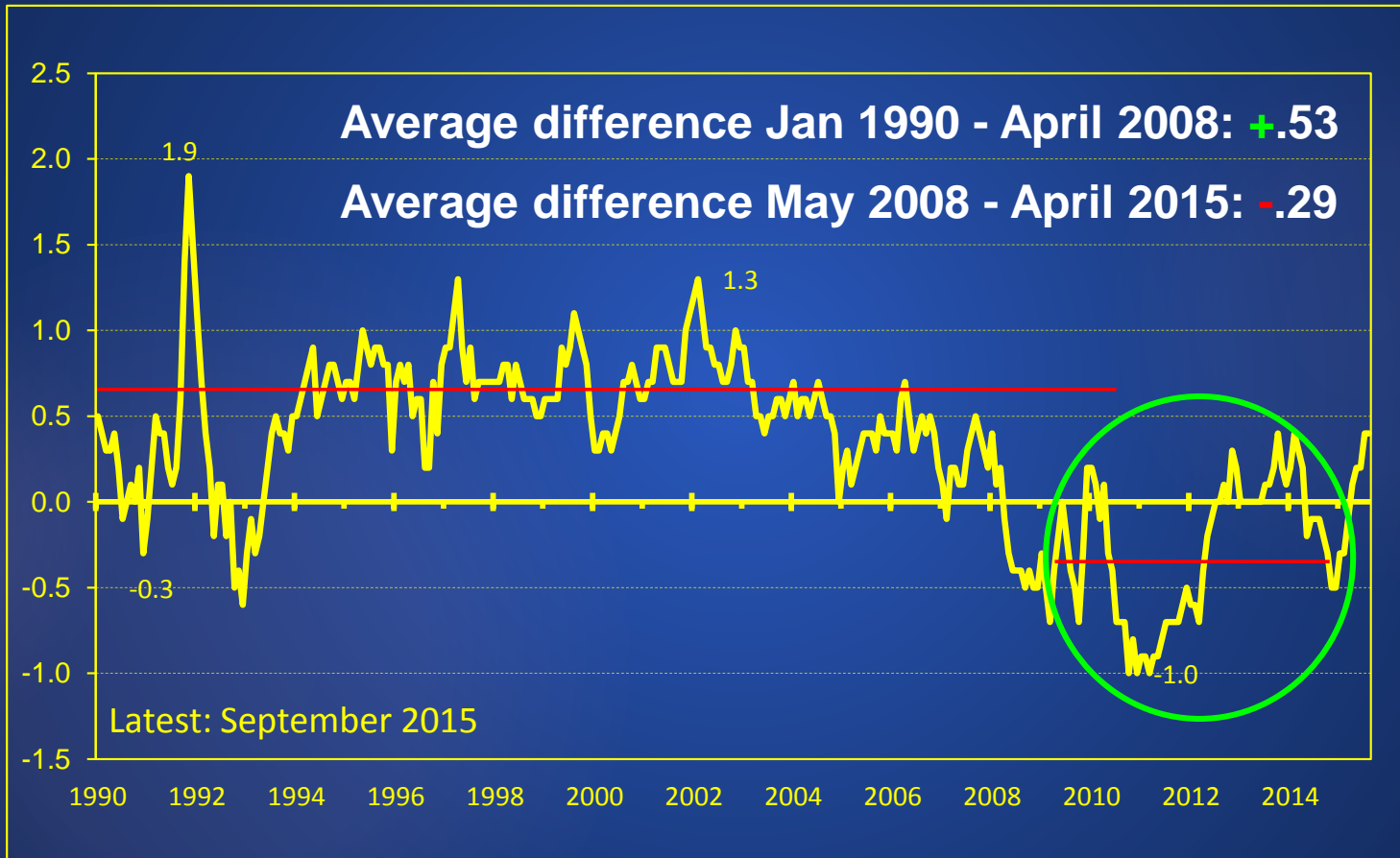


Latest: October 2015

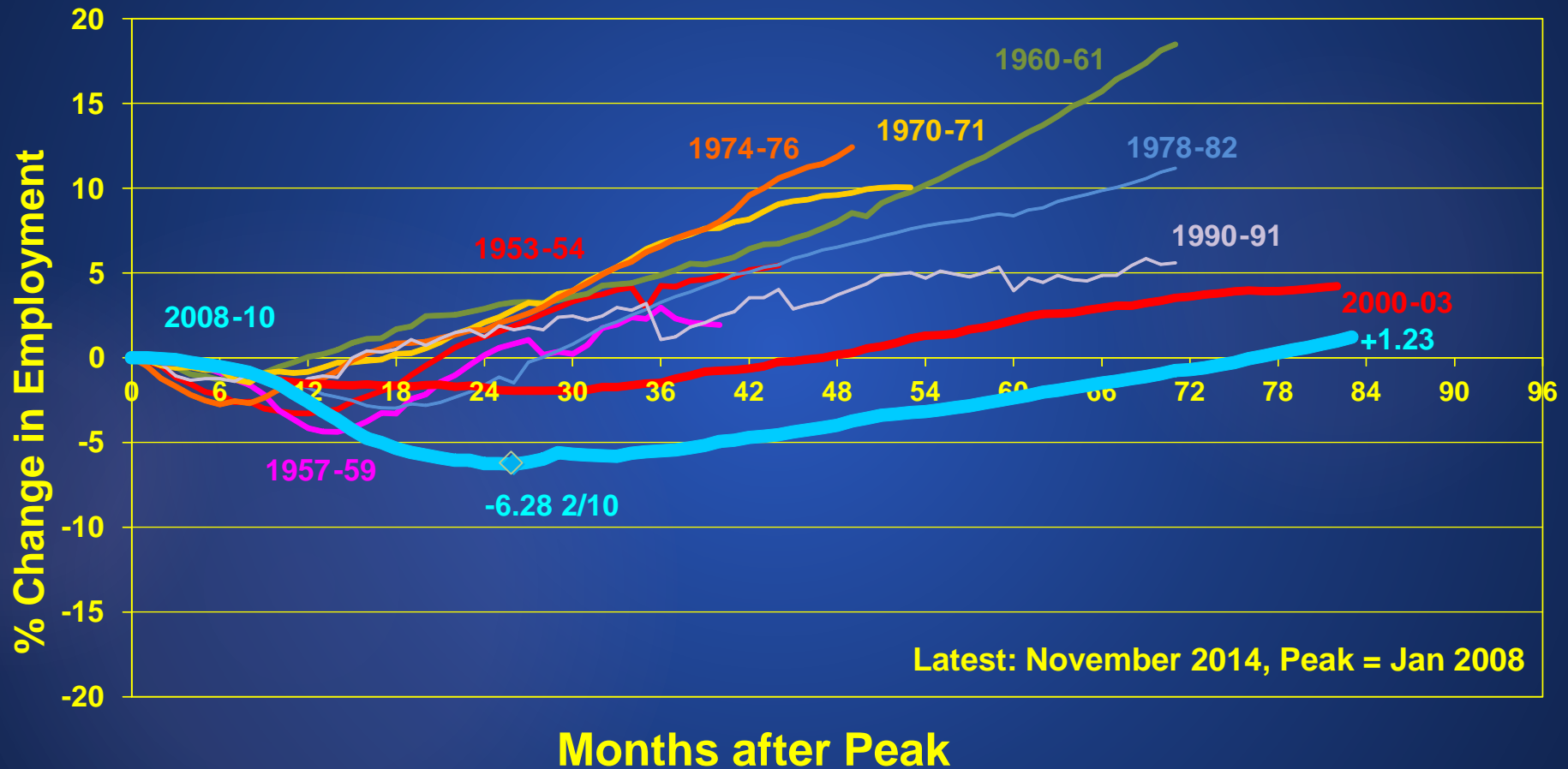
Source: Bureau of Labor Statistics, Local Area Unemployment Stats



Difference in Erie - US Unemployment Rates (SA)



The U.S.'s 9 Recessions since 1950

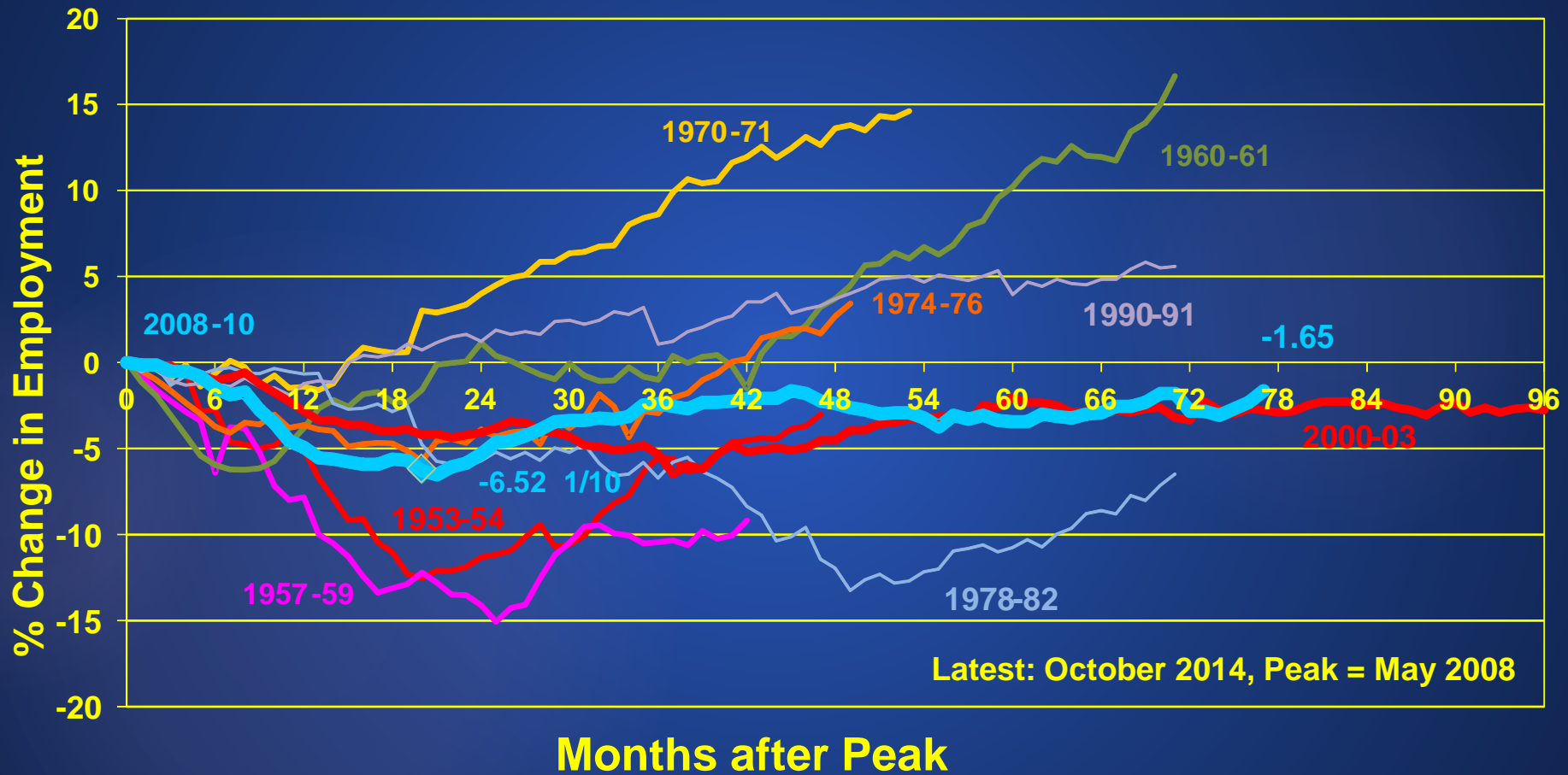


Latest: November 2014, Peak = Jan 2008



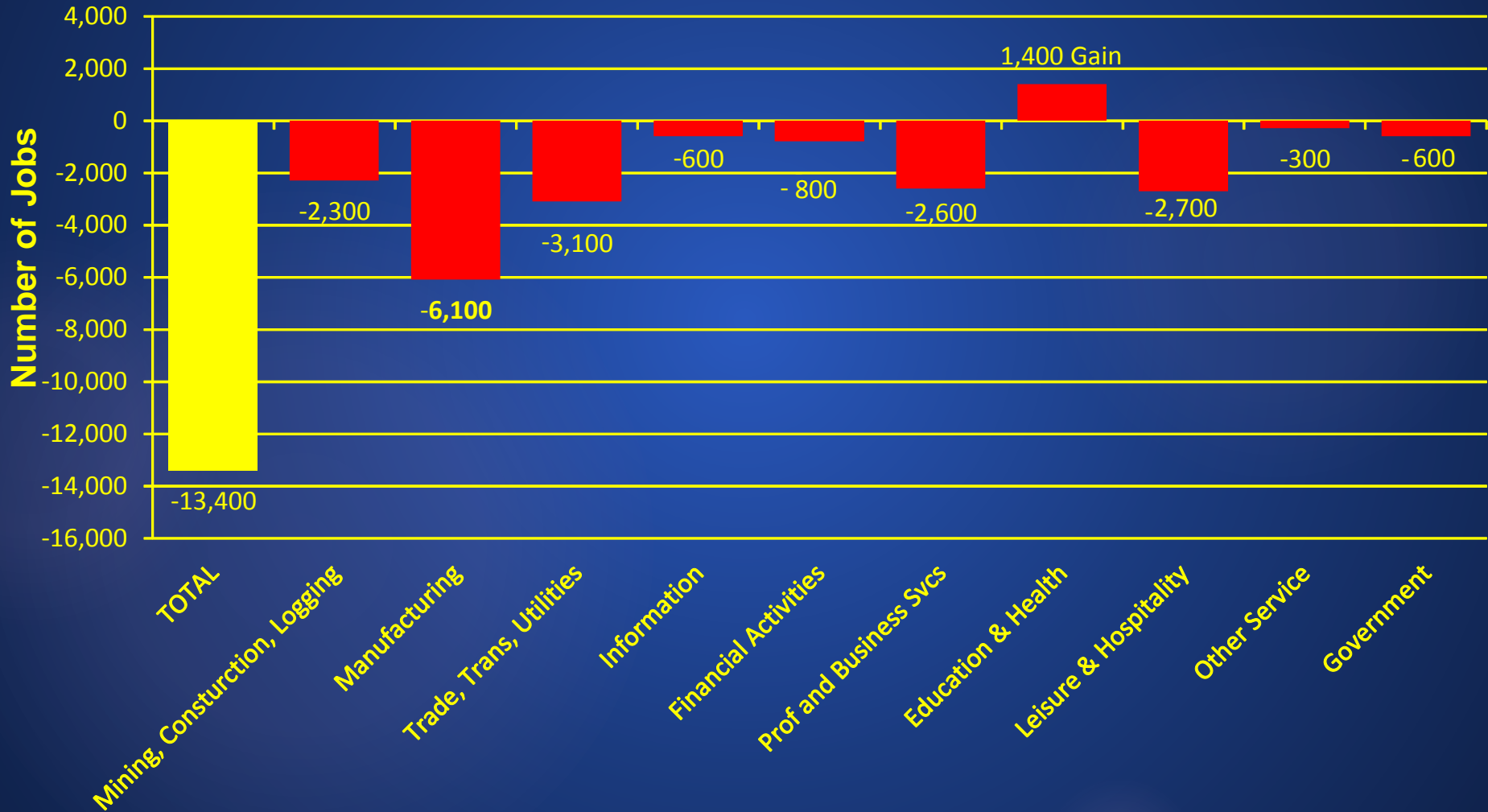
Source: Bureau of Labor Statistics, Current Employment Survey

Erie's 9 Recessions since 1950



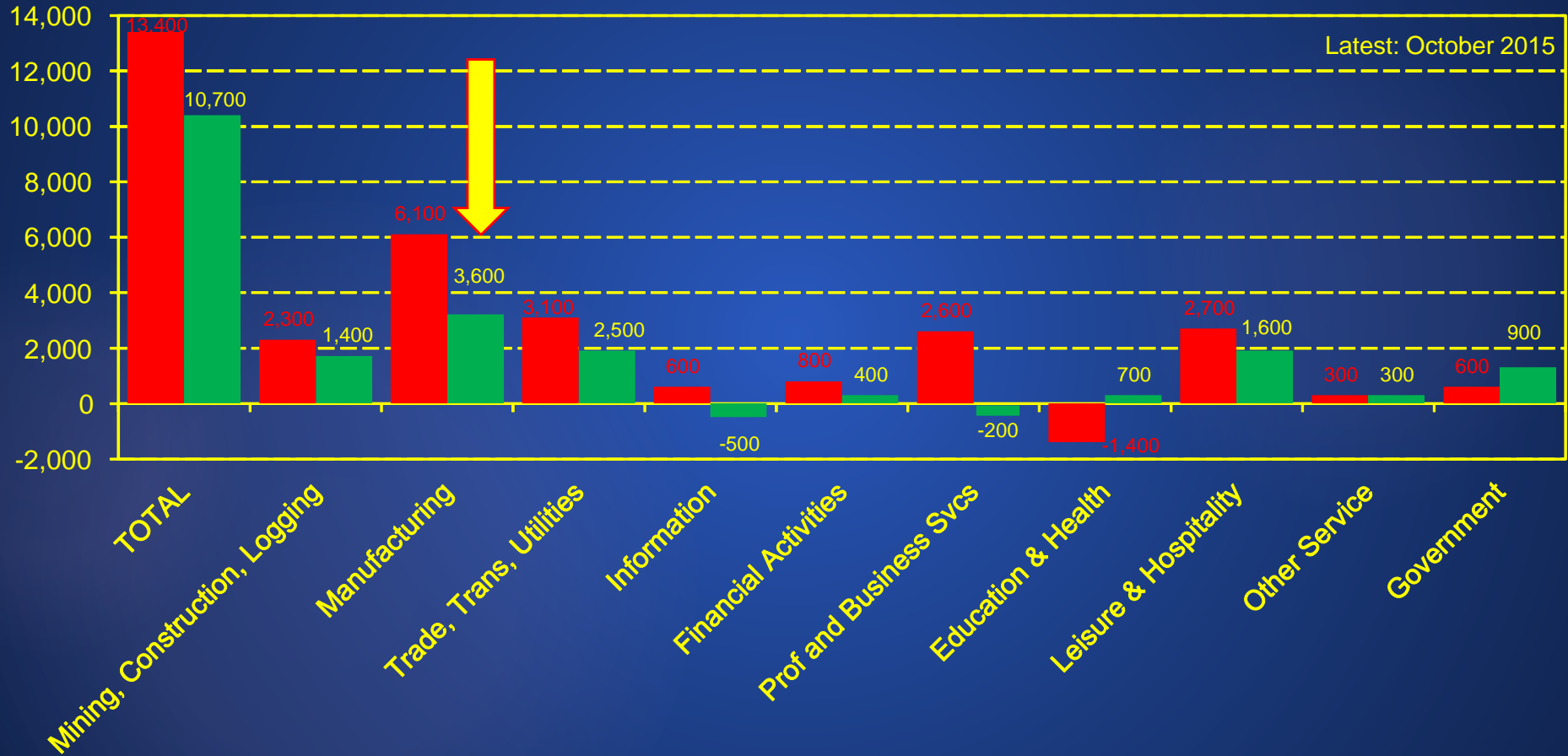
Source: Bureau of Labor Statistics, Current Employment Survey

Erie Gross Job Losses During the Recession

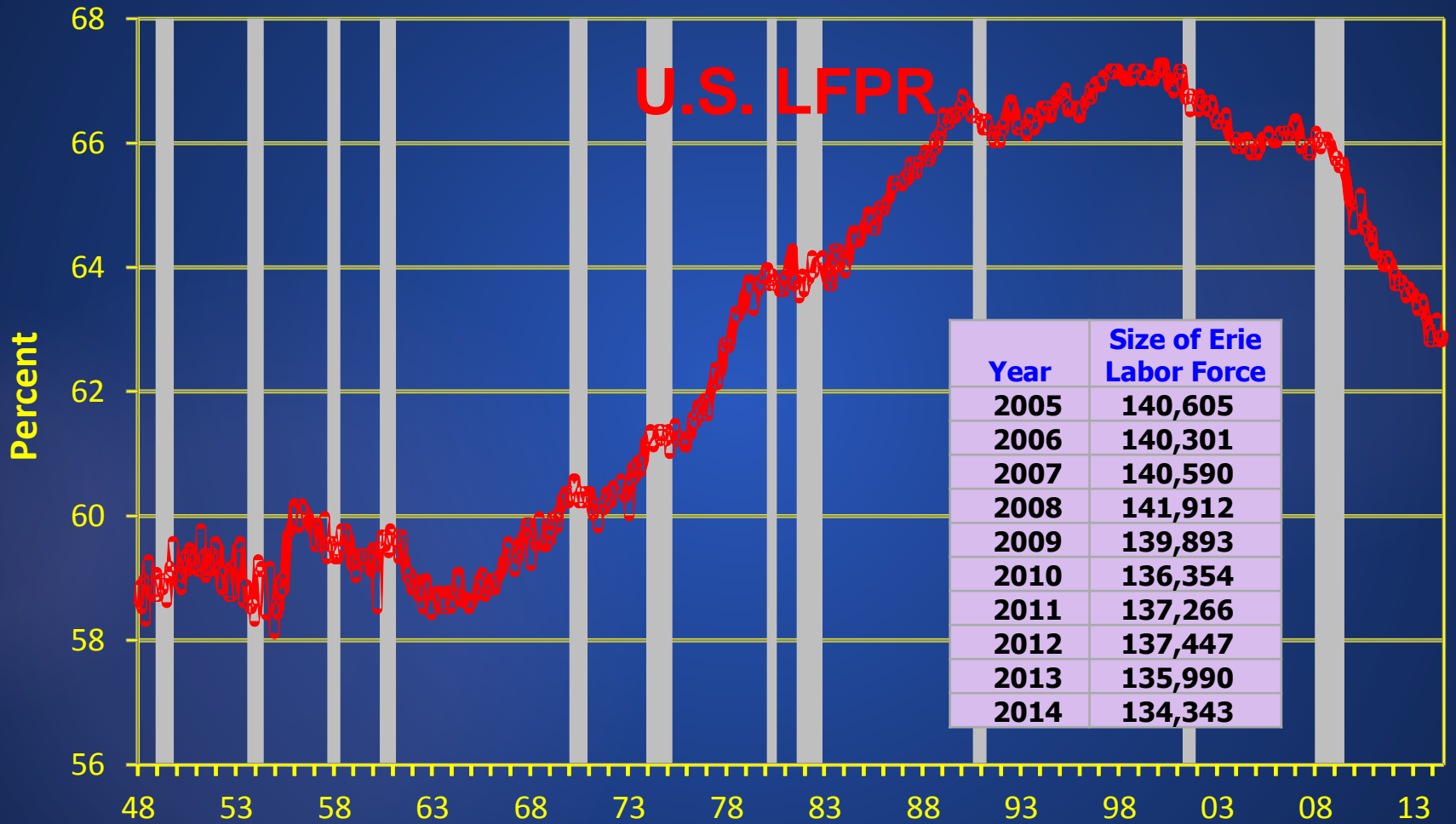


Note: Industry detail does not add to total due to use of different peak & trough dates for each industry.
Source: Bureau of Labor Statistics, LAUS

Jobs Lost and Regained



Labor Force Participation Rate (SA)

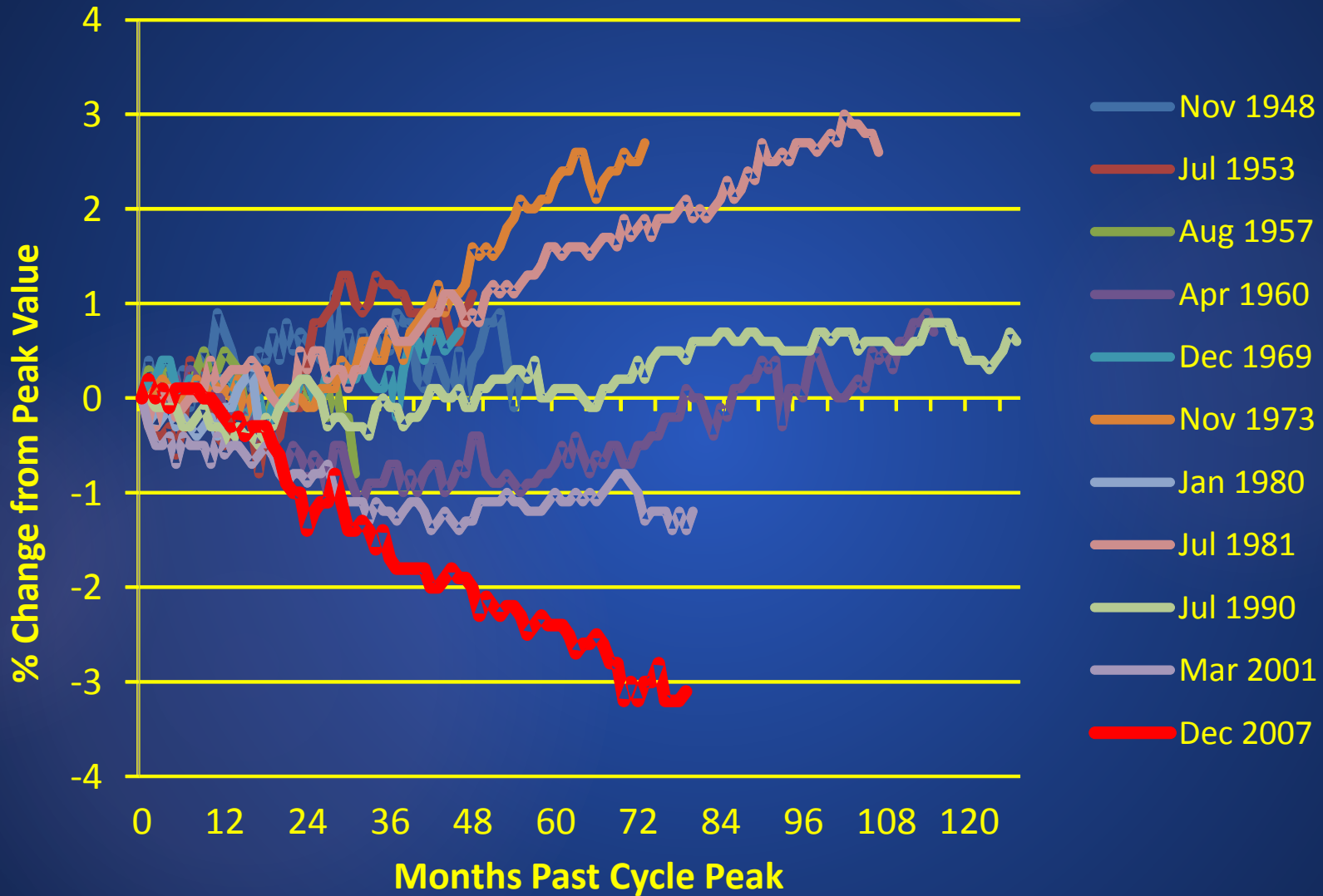


Latest: July 2014

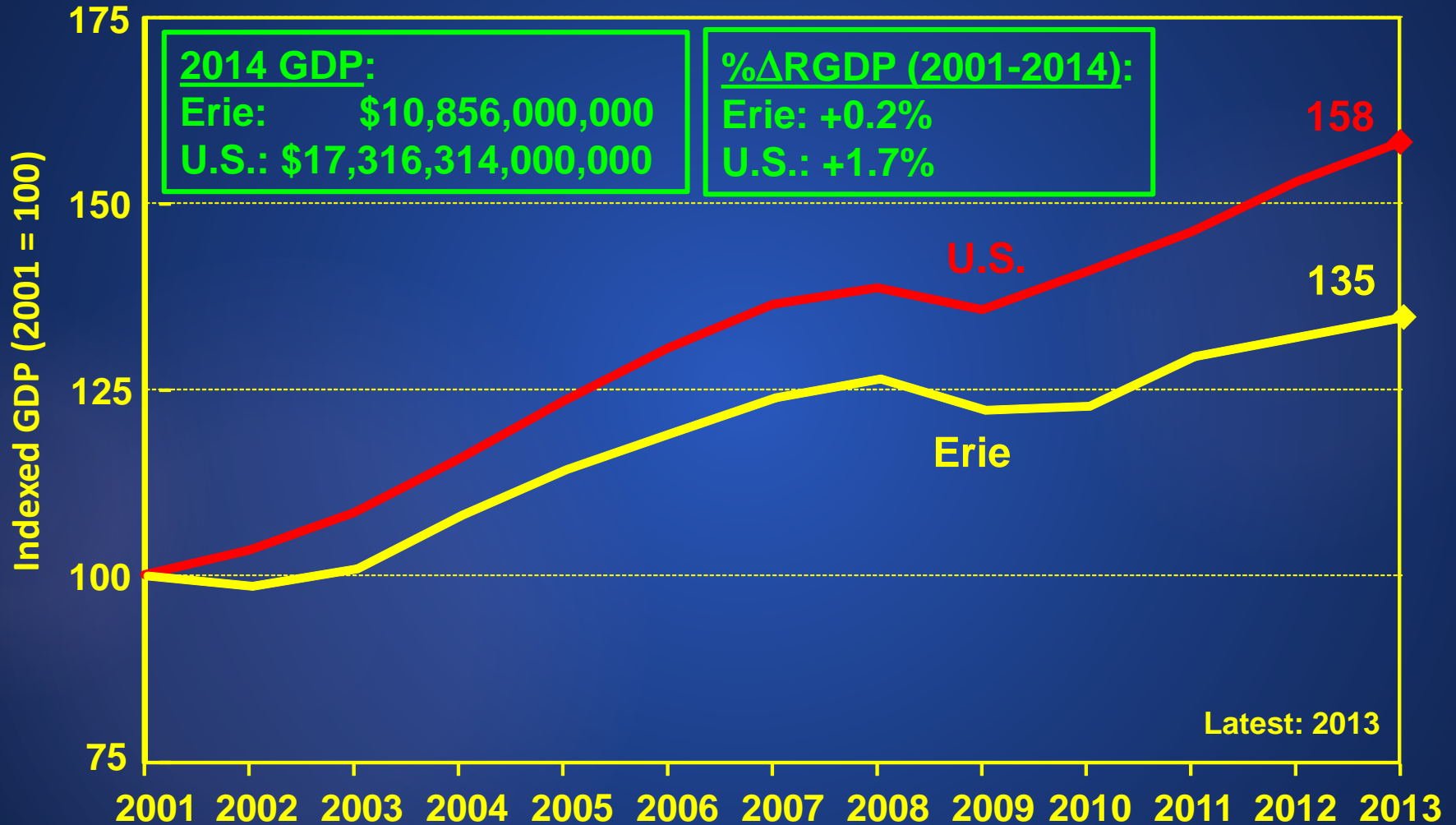


Source: Bureau of Labor Statistics

U.S. LFPR in 11 Cycles



Erie & US Output (GDP, GMP)



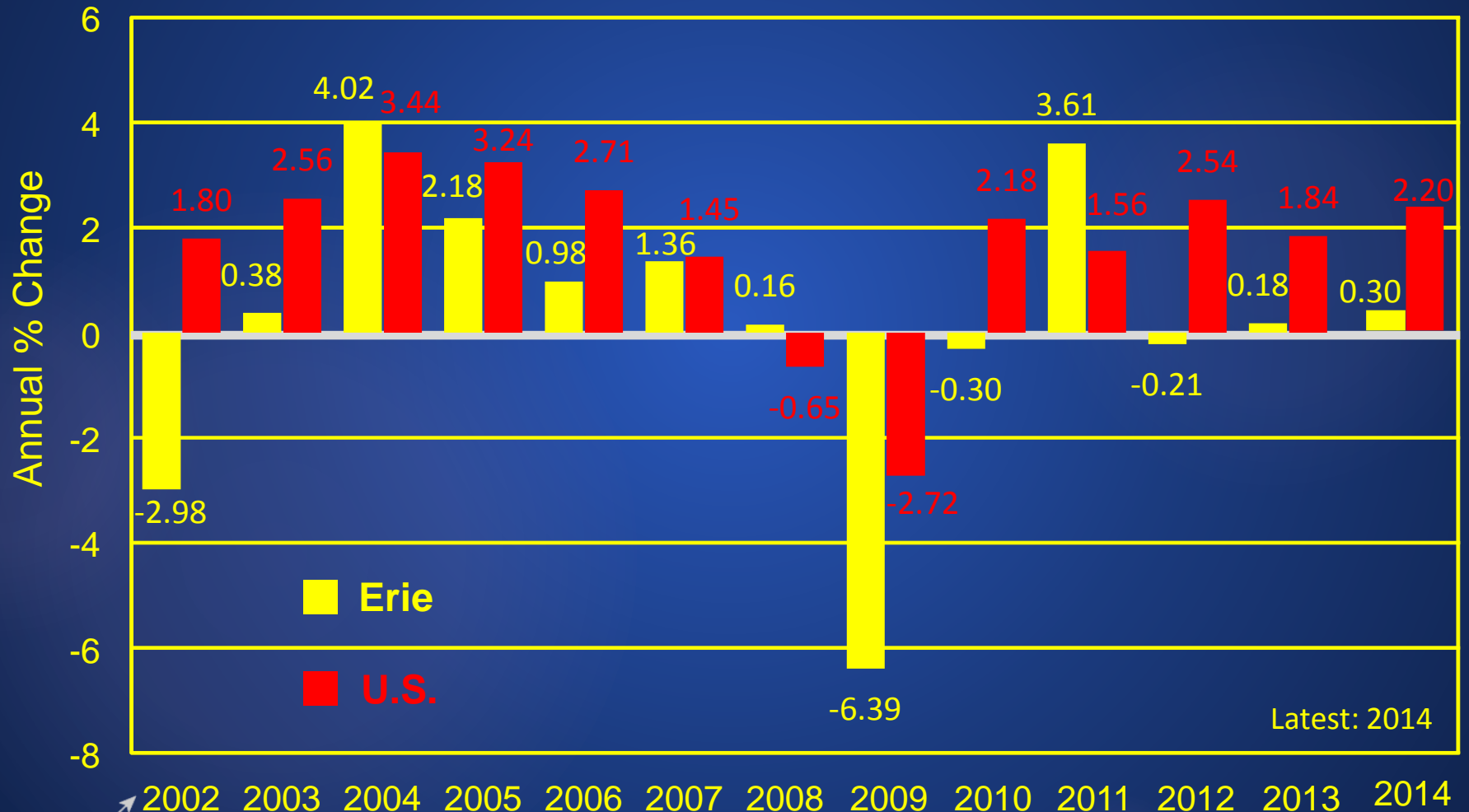
Erie GMP by Industry, 2014

Industry	Erie		U.S.		Erie to
	GMP	% of	GDP	% of	U.S.
	(in millions)	GMP	(in billions)	GDP	LQ
All industry total	\$10,856	100.00	\$15,678,767.0	100.00	1.00
Private industries	9,432	89.96	13,795,560.0	82.60	1.09
Agriculture, forestry, fishing, and hunting	63	0.60	98,120.0	0.59	1.02
Mining	49	0.47	342,172.0	2.05	0.23
Utilities	162	1.55	244,773.0	1.47	1.05
Construction	281	2.68	583,863.0	3.50	0.77
Manufacturing	2,851	27.19	1,797,015.0	10.76	2.53
Durable goods	1,953	18.63	984,754.0	5.90	3.16
Nondurable goods	898	8.56	812,261.0	4.86	1.76
Wholesale trade	465	4.43	966,228.0	5.79	0.77
Retail trade	751	7.16	899,351.0	5.38	1.33
Transportation and warehousing	216	2.06	444,111.0	2.66	0.77
Information	212	2.02	782,769.0	4.69	0.43
Finance and insurance	869	8.29	1,206,273.0	7.22	1.15
Real estate and rental and leasing	606	5.78	2,161,629.0	12.94	0.45
Professional, scientific, and technical services	325	3.10	1,180,896.0	7.07	0.44
Management of companies and enterprises	47	0.45	334,600.0	2.00	0.22
Administrative and waste management services	224	2.14	499,967.0	2.99	0.71
Educational services	209	1.99	180,387.0	1.08	1.85
Health care and social assistance	1,359	12.96	1,133,121.0	6.78	1.91
Arts, entertainment, and recreation	147	1.40	163,483.0	0.98	1.43
Accommodation and food services	285	2.72	434,632.0	2.60	1.04
Other services, except government	311	2.97	342,171.0	2.05	1.45
Government	1,424	13.58	1,883,207.0	11.28	1.20

Source: Bureau of Economic Analysis, REIS

Growth Rate of Real GDP

Annual Average: Erie 0.25%, U.S. 1.70%



Latest: 2014

Source: Bureau of Economic Analysis, REIS

Erie Goods and Services Production

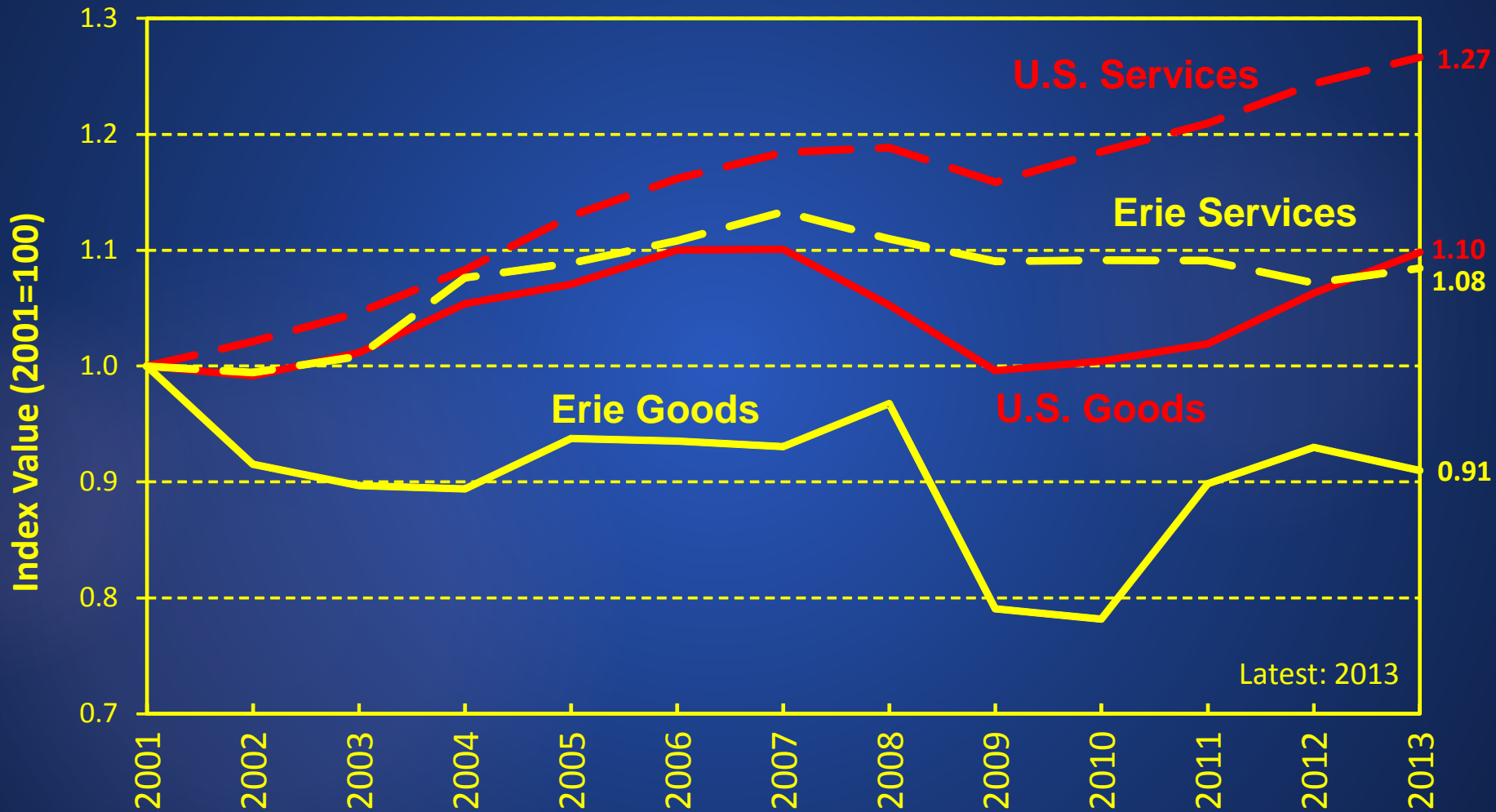


Latest: 2014

Source: Bureau of Economic Analysis, REIS



Goods and Services Indexes

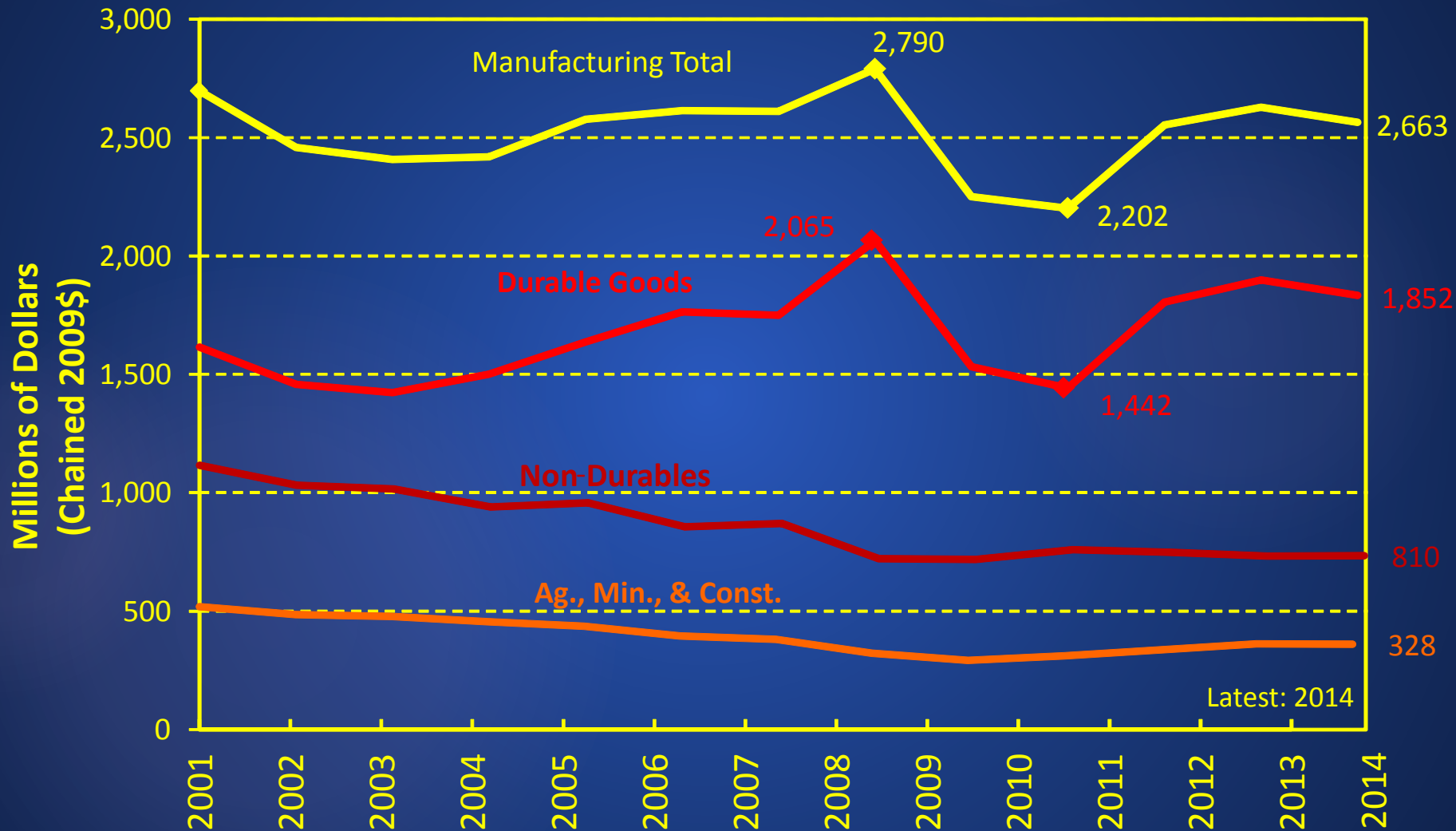


Latest: 2013

Source: Bureau of Economic Analysis, REIS



Erie Goods Production

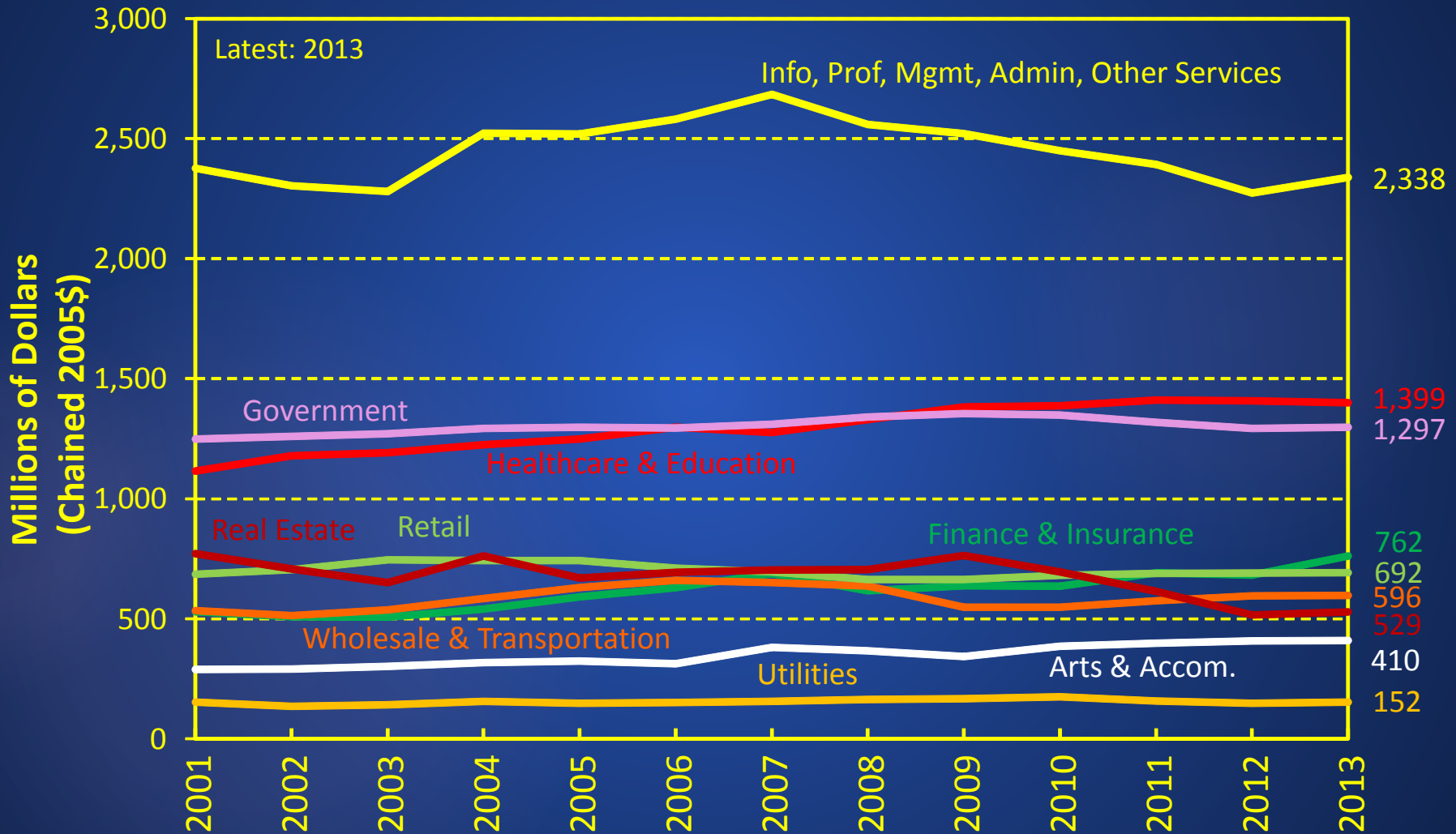


Latest: 2014

Source: Bureau of Economic Analysis, REIS



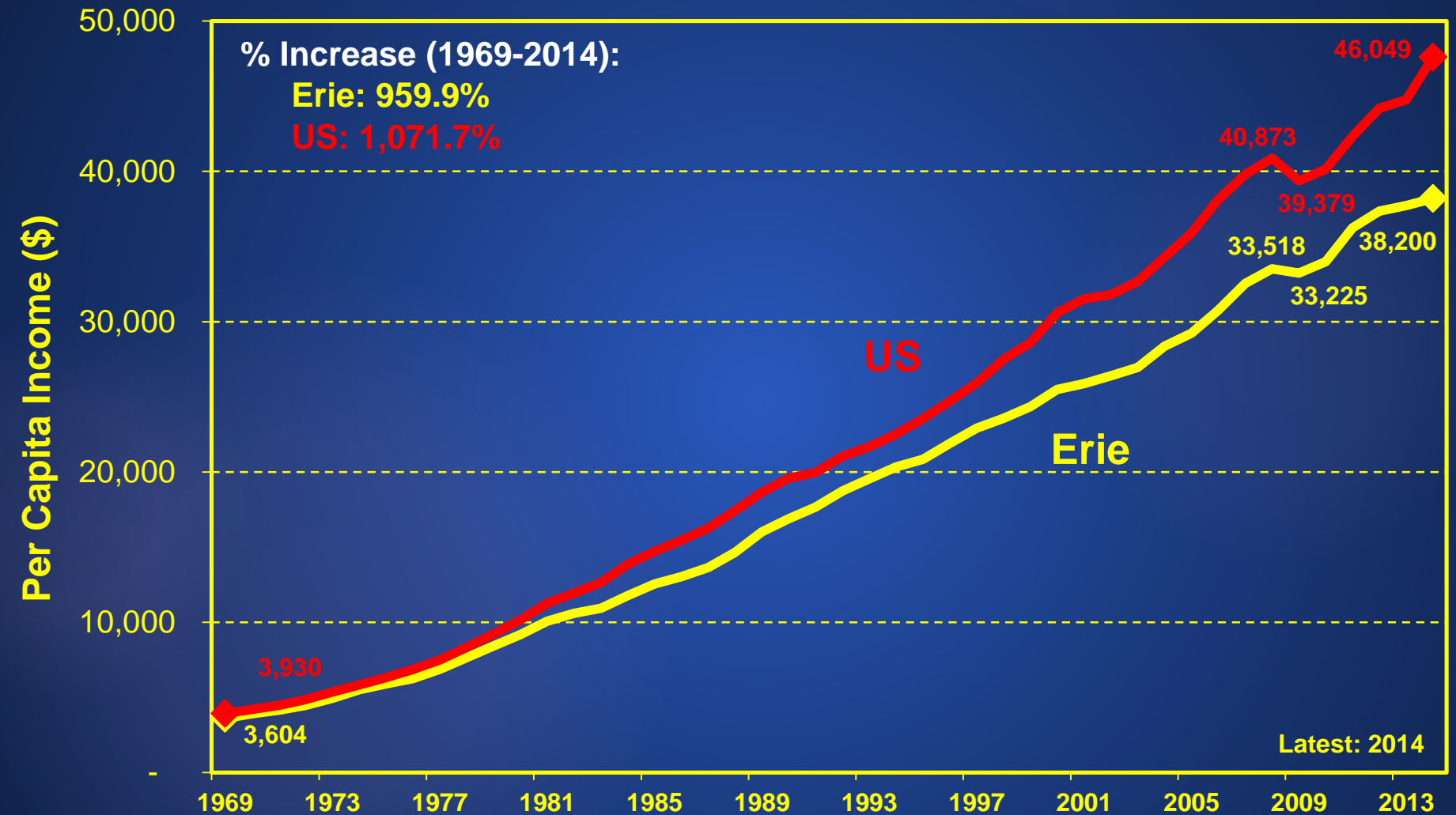
Erie Services Production



Source: Bureau of Economic Analysis, REIS



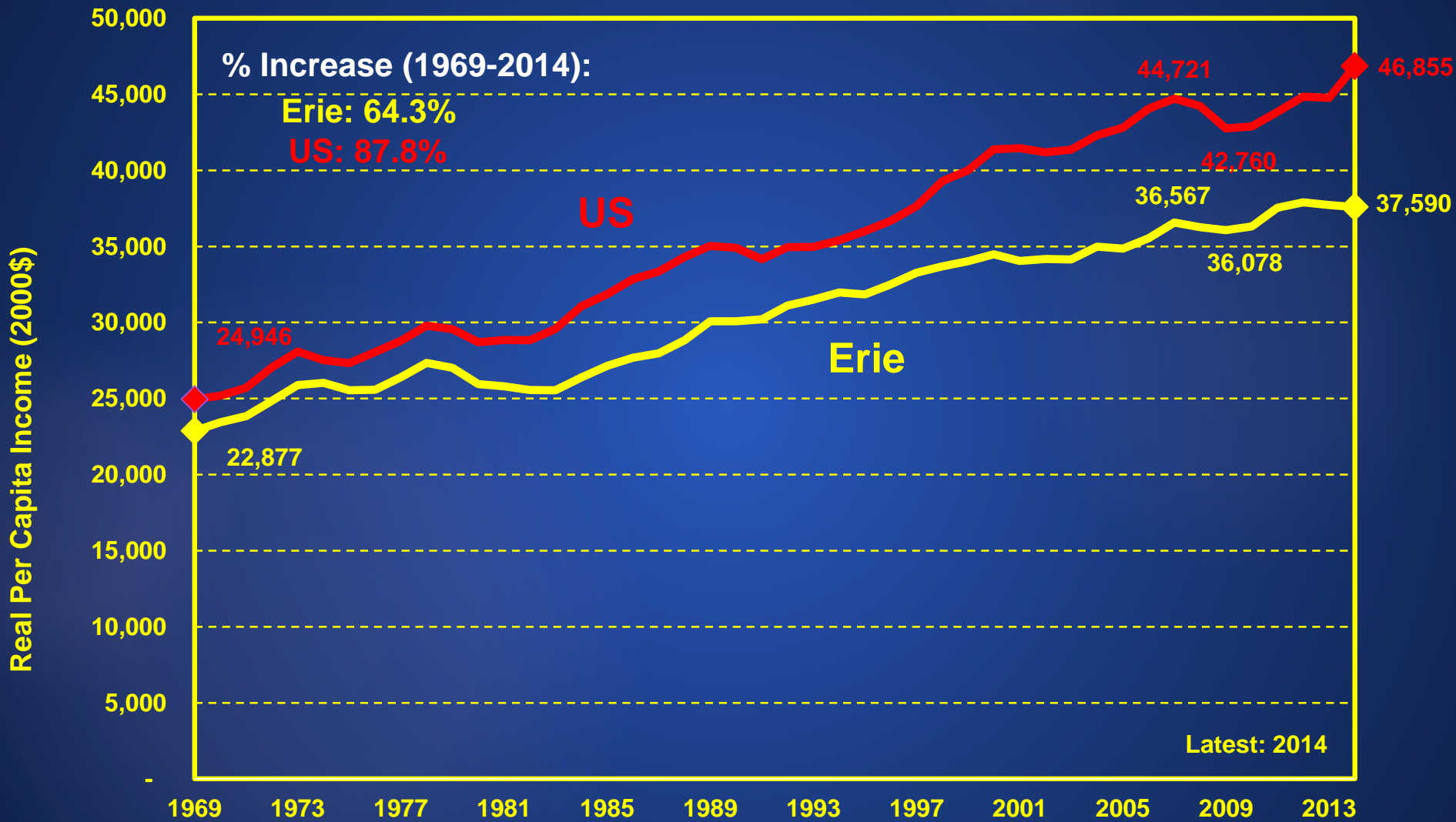
Income Per Capita



Source: Bureau of Economic Analysis, REIS



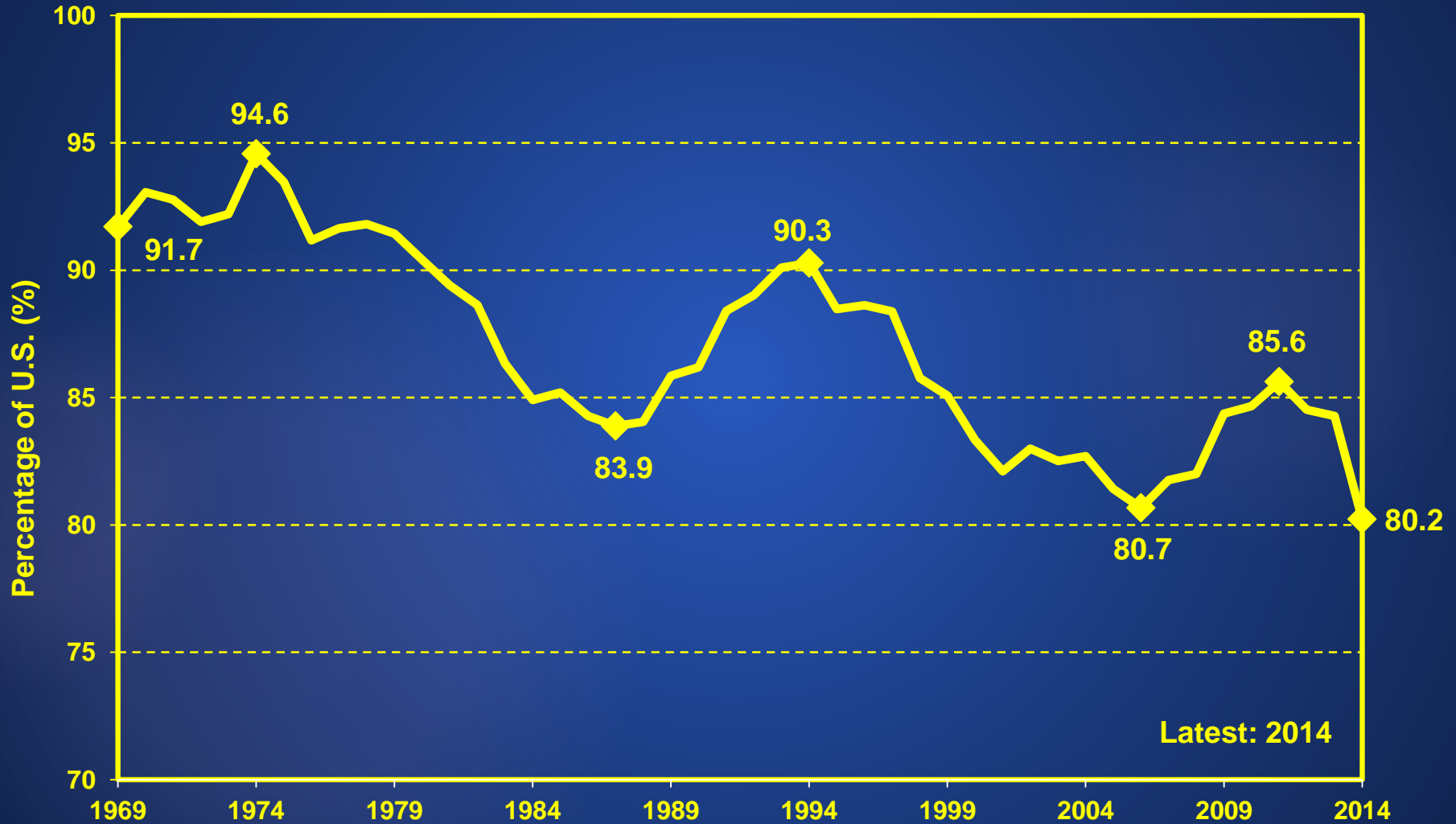
Real Income Per Capita



Source: Bureau of Economic Analysis, REIS



Erie Real Income Per Capita as a % of U.S.



Cost of Living Index, 2014 (Annual Averages) Erie, PA

Composite Index: 95.4

100.0 = average of 264 U.S. urban areas

Components:

Grocery Items 103.7

Housing 83.6 ←

Utilities 91.5

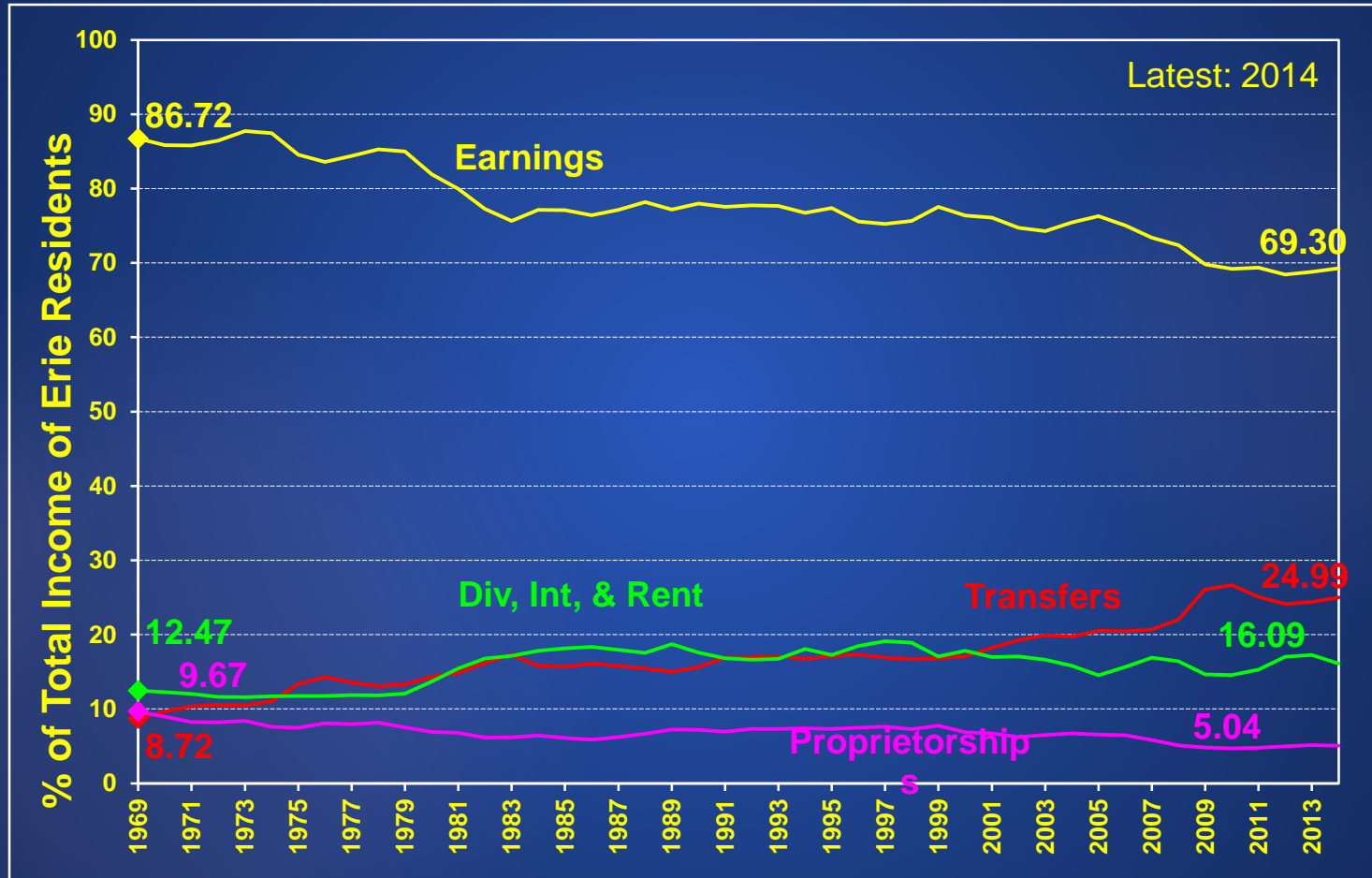
Transportation 95.7

Health care 92

Miscellaneous 103.7



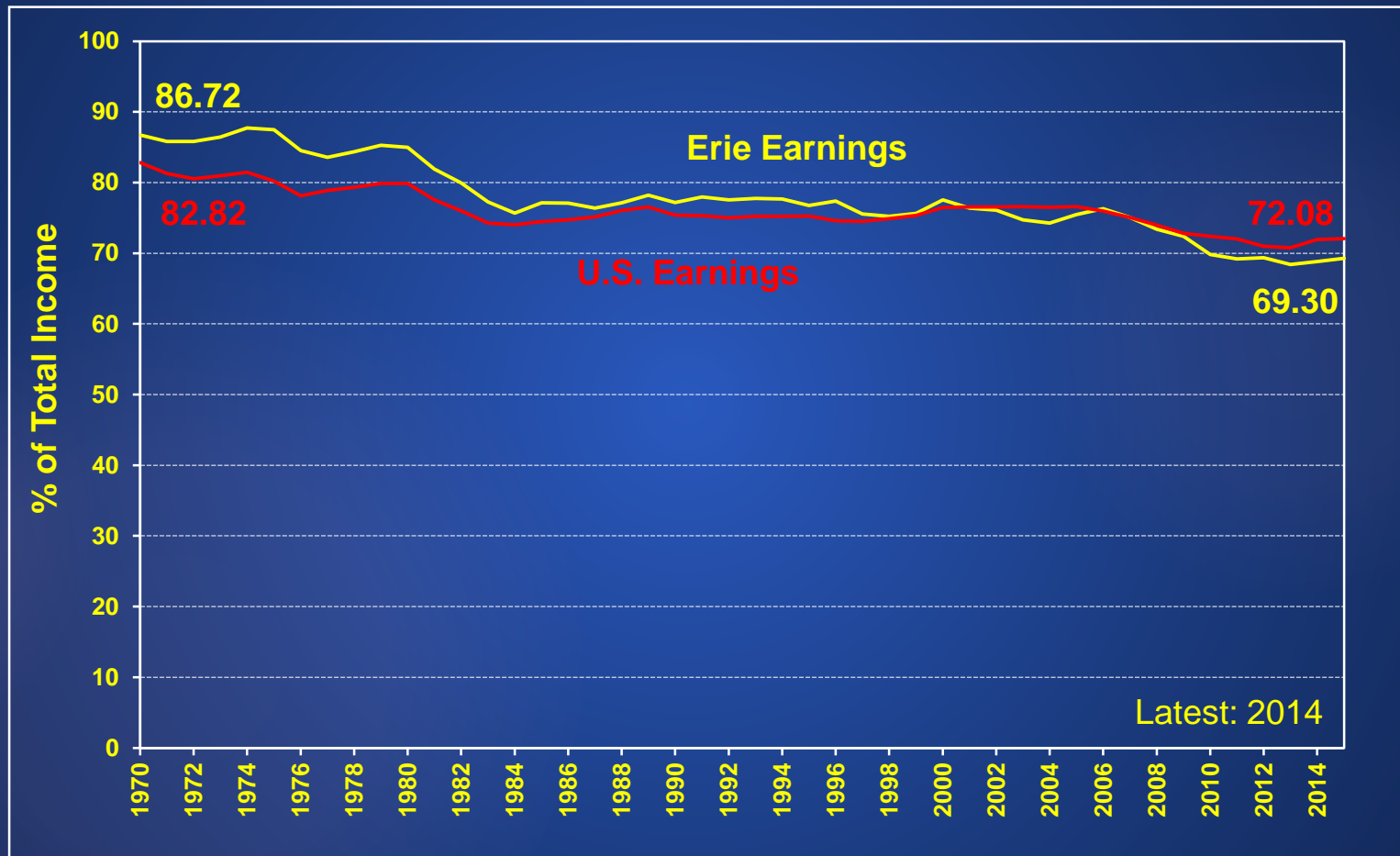
Erie Personal Income Breakdown



Source: Bureau of Economic Analysis, Local Area Personal Income



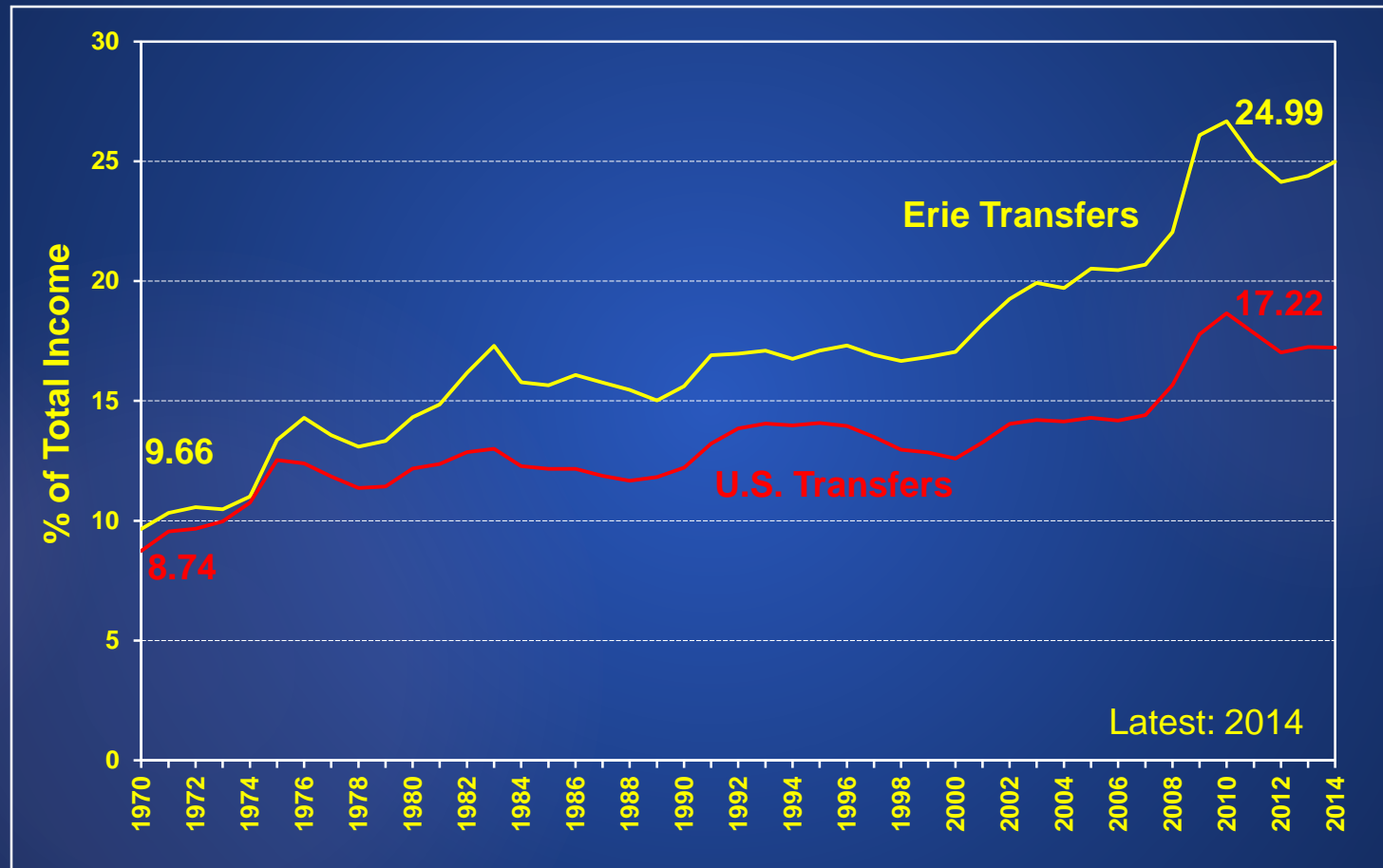
Earnings as a % of Total Income



Source: Bureau of Economic Analysis, Local Area Personal Income



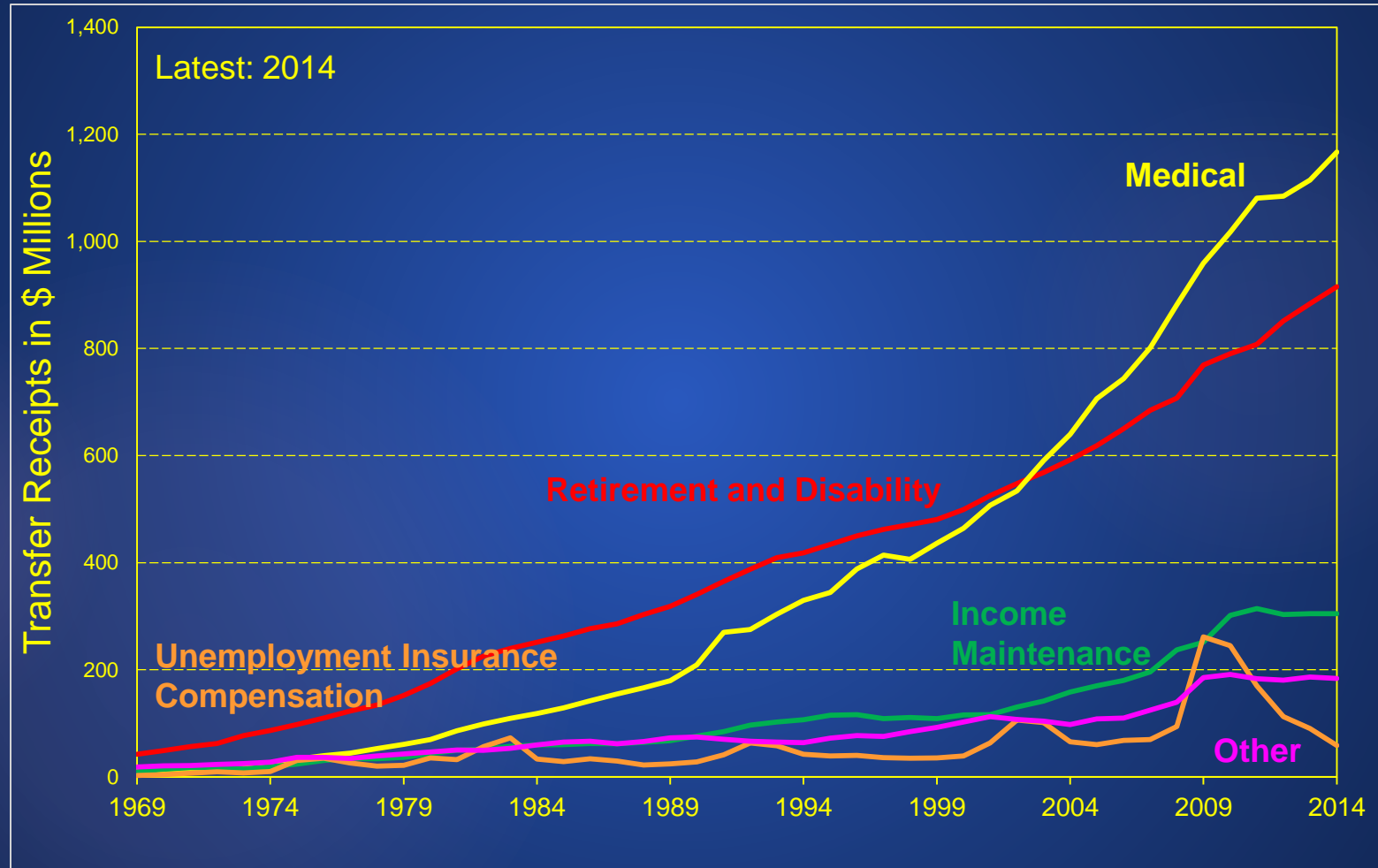
Transfers as a % of Total Income



Source: Bureau of Economic Analysis, Local Area Personal Income



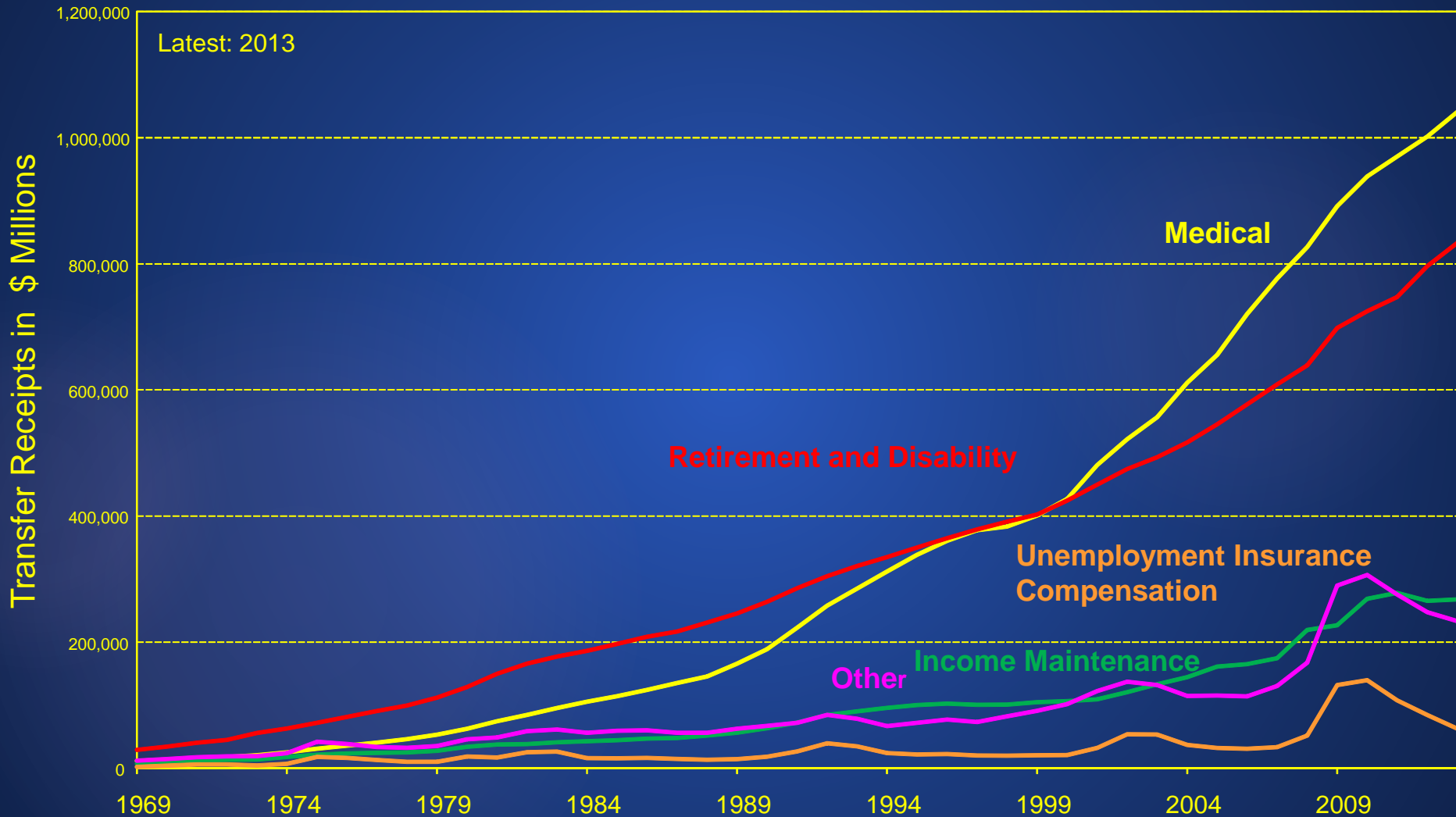
Types of Transfer Payments: Erie



Source: Bureau of Economic Analysis, Local Area Personal Income



Types of Transfer Payments: U.S.



Source: Bureau of Economic Analysis, Local Area Personal Income



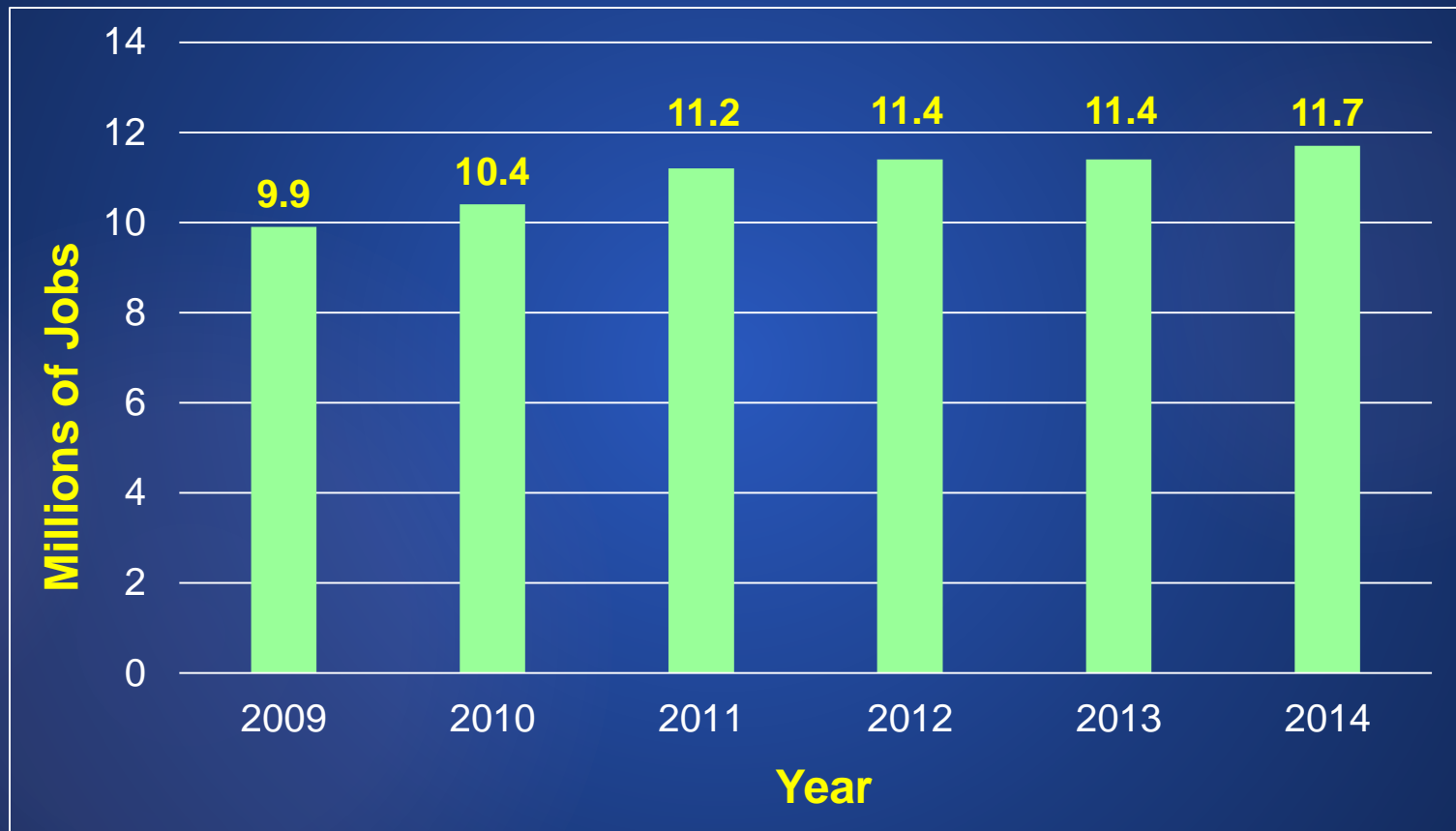
Increasing Global Interdependence



Jobs Supported by Total Goods Exports, Top 10 States, 2014

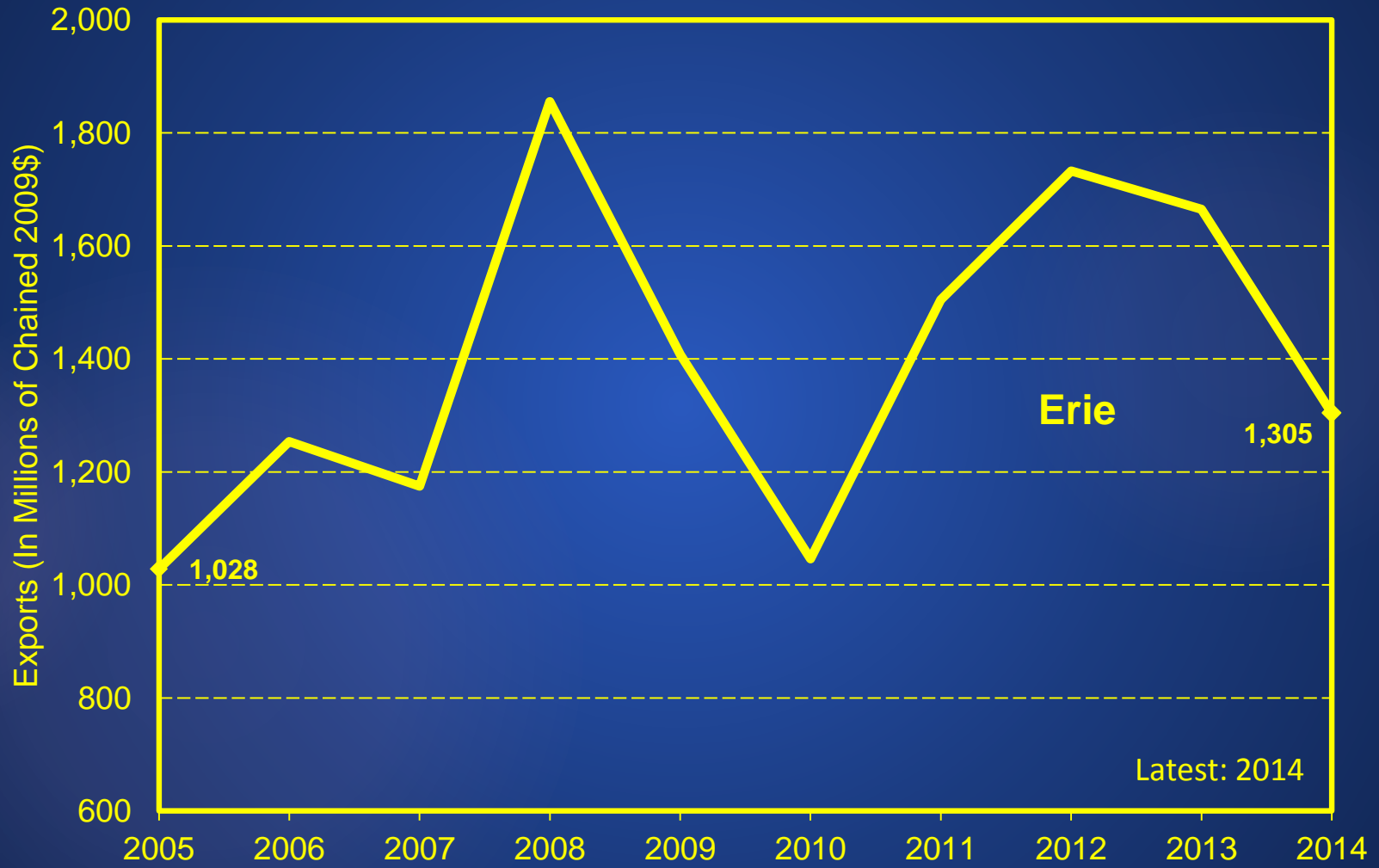
Rank	State	Jobs Supported	Share of U.S.
	All States	7,123,110	100%
1	Texas	1,117,318	15.7%
2	California	775,320	10.9%
3	Washington	390,690	5.5%
4	New York	389,957	5.5%
5	Illinois	345,050	4.8%
6	Michigan	270,927	3.8%
7	Florida	270,473	3.8%
8	Ohio	263,356	3.7%
9	Georgia	209,071	2.9%
10	Pennsylvania	191,779 (3% of PA Empl)	2.7%

Jobs Supported by Exports is Increasing



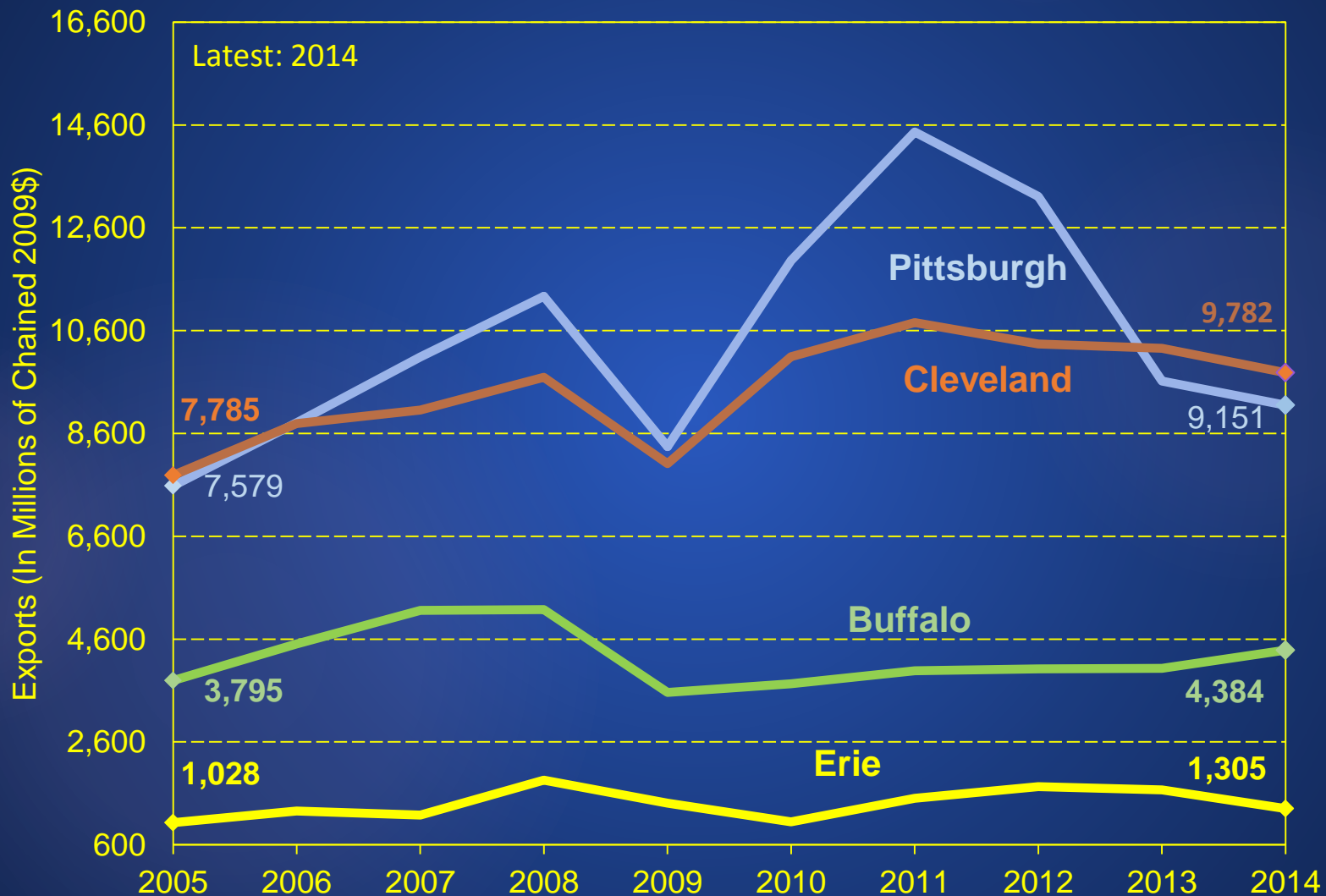
Source: U.S. Dept. of Commerce, International Trade Administration

Erie Merchandise Exports



Source: International Trade Administration

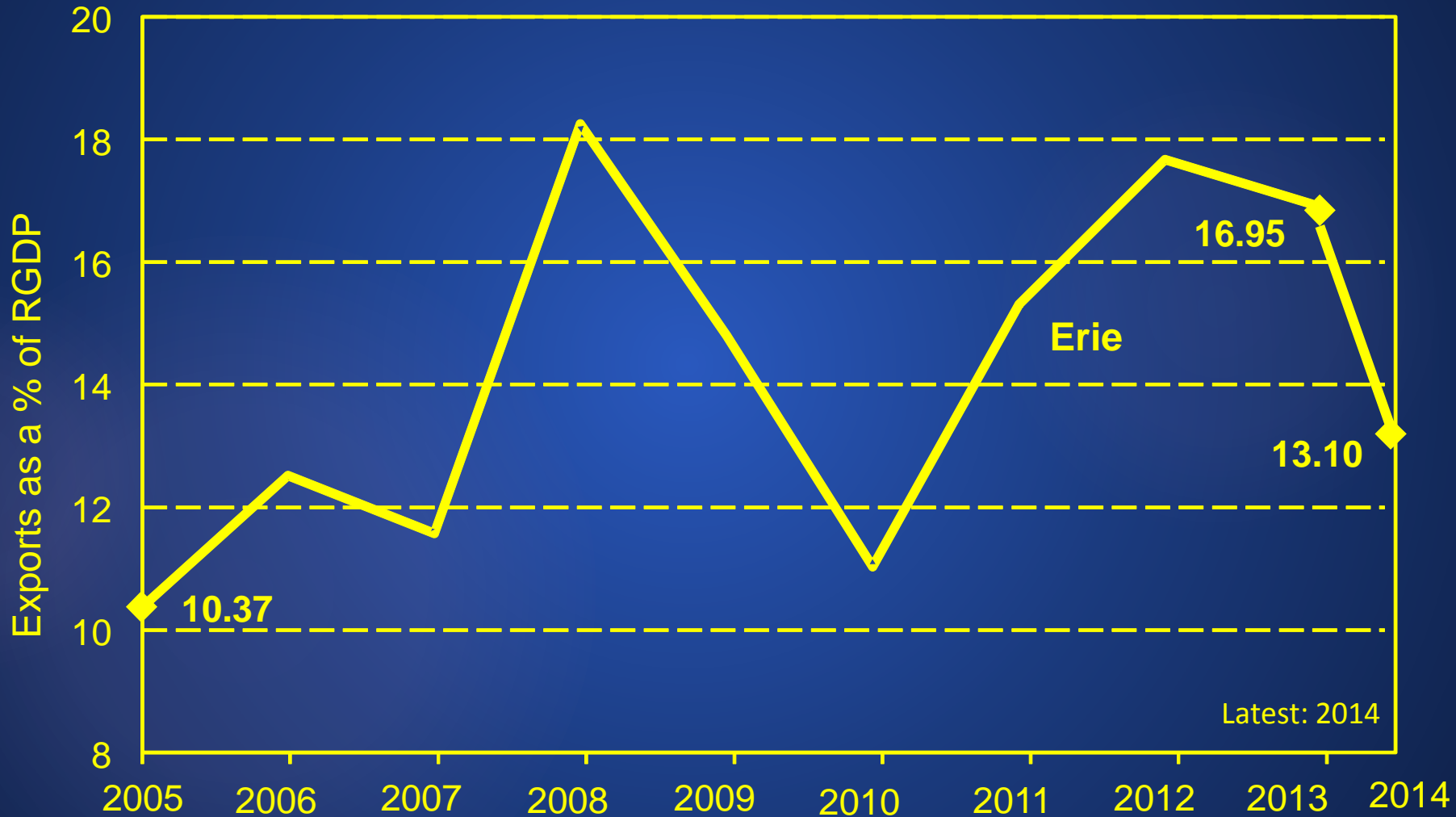
Merchandise Exports



Source: International Trade Administration



Erie Exports as a % of Real GDP



Latest: 2014



Top 10 Exporting MSAs, 2014

Rank	MSA	Exports (in \$ millions)
1	Houston; TX	108,693.79
2	New York; NY	96,177.26
3	Los Angeles-Long Beach-Anaheim; CA	68,954.63
4	Seattle; WA	56,590.31
5	Detroit; MI	45,937.90
6	Chicago; IL	43,252.50
7	Miami; FL	34,690.95
8	New Orleans; LA	31,869.67
9	Dallas; TX	26,193.95
10	San Francisco; CA	24,544.12
130	Erie; PA	1,304.56

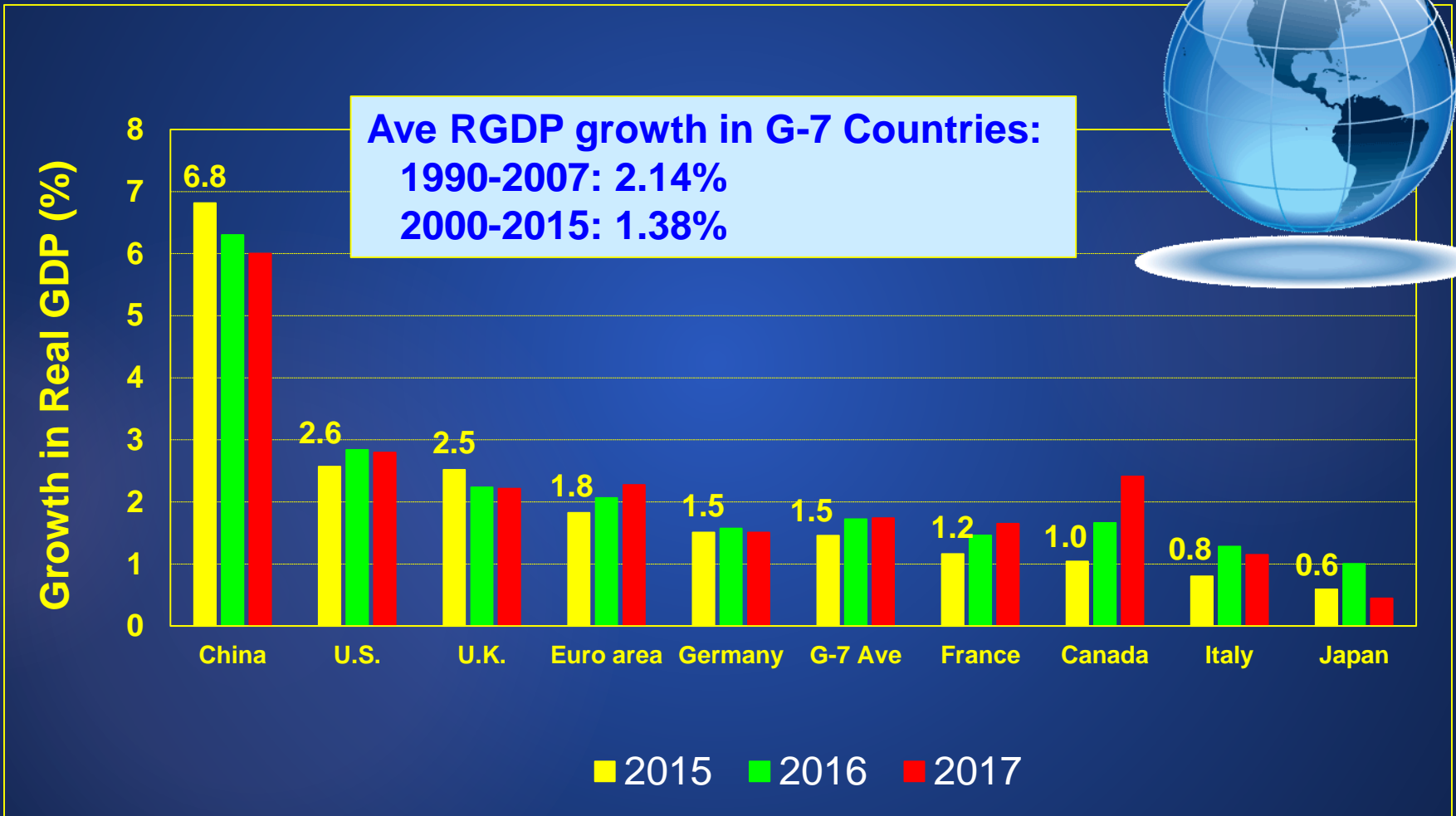
*Out of 362 MSAs

Source: International Trade Administration

The Future...



IMF Forecasts of Growth in Real GDP



U.S. Forecast

PNC Bank, Northwest Pennsylvania Market Outlook
(October 2015) ←

U.S. Forecast	Annual Data		
	2014	2015	2016
	(Actual)	(Forecast)	(Forecast)
Real GDP Growth (% change)	2.4	2.5	2.5
Job Growth (% change)	1.9	2.1	1.7
Unemployment Rate (%)	6.2	5.3	4.9
Median HH Income (Ths. \$)	53.1	54.1	55.3
Home price (% change)	6.6	3.9	2.6
Single-Fam permits (% change)	4.3	6.5	4.8
Mult-Fam permits (% change)	14.8	10.7	4.5
30-Year Fixed Mortgage (%)	4.17	3.86	4.13



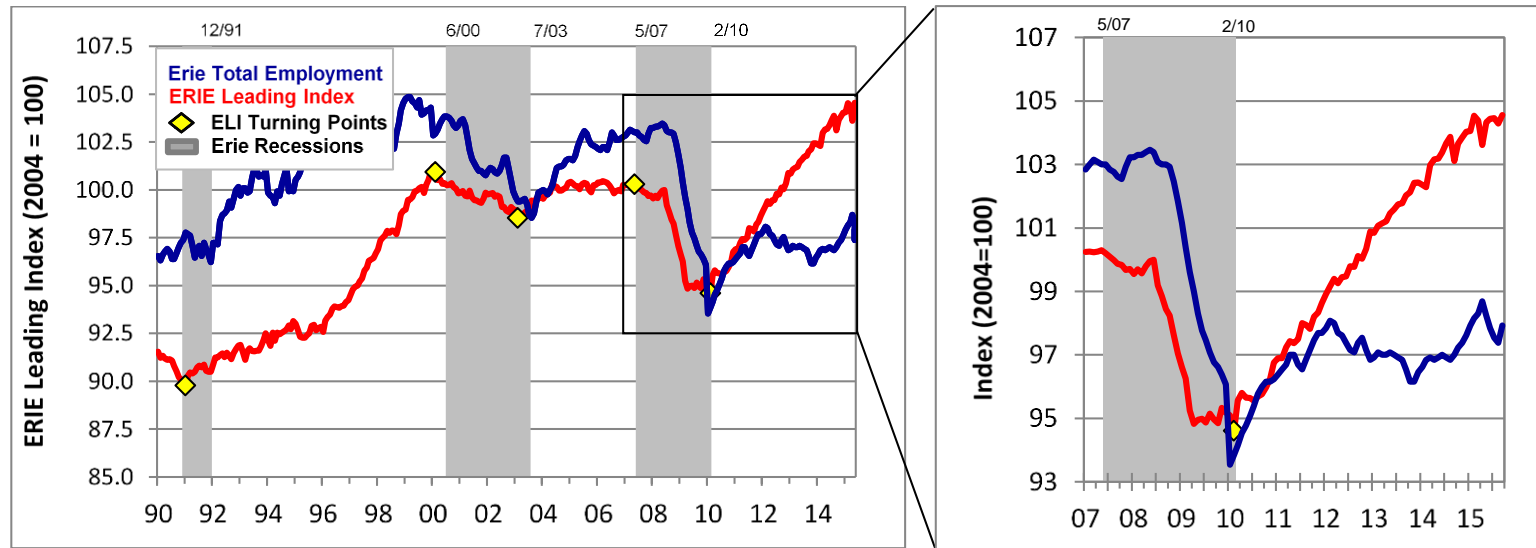
Erie, PA Forecast

PNC Bank, Northwest Pennsylvania Market Outlook
(2015 Q3) ←

Erie Forecast	Annual Data		
	2014	2015	2016
	(Actual)	(Forecast)	(Forecast)
Job Growth (% change)	0.4	2.1	1.5
Unemployment Rate (%)	6.0	5.1	4.7
Median HH Income (Ths. \$)	45.0	45.7	46.5
Home price (% change)	1.0	1.6	3.2
Single-Fam permits (% change)	-35.7	0.5	30.3
Multi-Fam permits (% change)	-25.8	-9.3	25.0



Issue #18: Fourth Quarter 2015 (data through September 2015)



ELI Takes a Break, But Manages to Spread a Little Holiday Cheer

Will ELI be naughty or nice after the holiday season?

Though it has been rising fairly consistently since 2010 as Erie recovered from the Great Recession along with the national economy, the Erie Leading Index (ELI) has apparently decided to take a holiday break this season from its steady five-year upward climb. ELI has remained stable through the past few quarters and is currently hovering at just below 105. Overall, ELI grew by only 0.11% through the third quarter and even dipped slightly in August before picking back up again. Although this represents a slight improvement compared to the 0.05% growth that ELI saw in the previous quarter, it unfortunately is much less than the 2.0% growth that ELI enjoyed over the course of 2014.

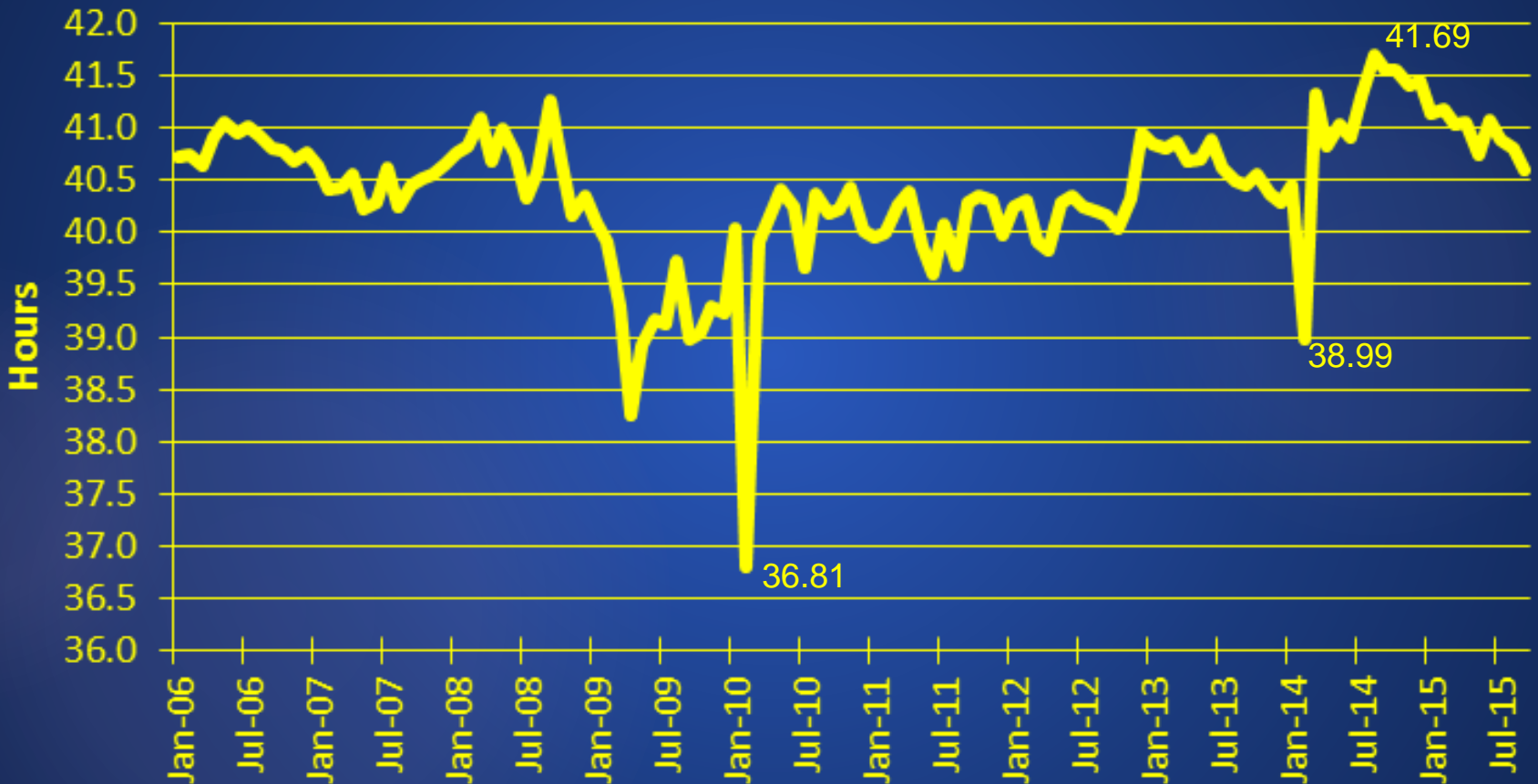
ELI's anemic performance reflects the recent sluggish pace of growth in Erie total nonfarm employment, which

ERIE Leading Index (ELI)



ELI Components: Manufacturing

PA Avg. Weekly Mfg. Hours (SA)



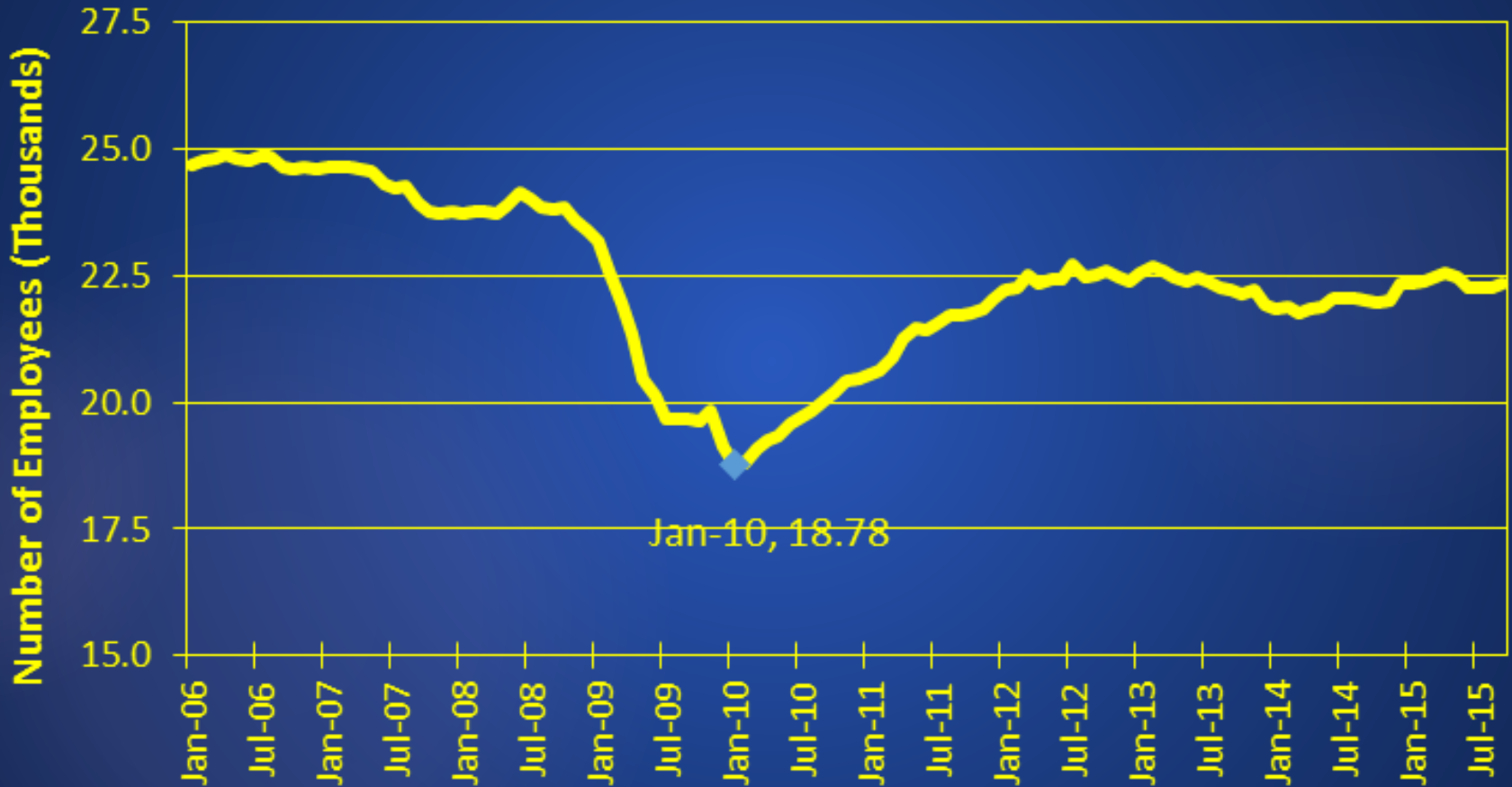
Latest: September 2015



Source: Bureau of Labor Statistics, Local Area Unemployment Stats

ELI Components: Manufacturing

Erie County Mfg. Employment (SA)



Latest: September 2015



Source: Bureau of Labor Statistics, Local Area Unemployment Stats

A big THANK YOU to

Marquette
SAVINGS BANK

The Hometown Bank with the Hometown Touch



Economic Research
Institute of Erie
www.ERIEdata.org

PENNSYLVANIA STATE UNIVERSITY



Erie The Behrend
College

Sam & Irene Black School of Business

[Home](#) [Economic Forecasts](#) [Online Library](#) [About ERIE](#) [Contact ERIE](#) [FAQ](#) [Fun Stuff](#) [Links](#)

Open in new window Add to favorites!

"Men make counterfeit money; in many more cases, money makes counterfeit men." Sidney J. Harris

Latest Additions to the Site



ERIE Guide to the Erie Economy 5th Edition (2015)

Get a glimpse into what is happening in Erie's economy by checking out the ERIE Guide to the Erie Economy, 5th edition. This report includes information about Erie and how the region is changing in terms of employment, income, demographics, poverty, migration and much more!



Measuring Sprawl 2014

Analyzes development in 221 metropolitan areas across the United States, as well as the relationship between development and quality of life indicators in those areas.

Starting Salaries by College Major, 2013-14

Useful information for those selecting a college major, or thinking about changing their careers. Starting salary is not the only thing to consider, clearly. But it IS one important thing to take into account since it will have a huge impact on your standard of living, probably for the rest of your life.

The Economic Value of Protected Open Space in Erie County
by the **Lake Erie Region Conservancy**; Feb. 2013
[Download the report here!](#)

Import Substitution Study released

A study commissioned by the Economic Development Corporation of Erie County, "Building Erie by Buying Erie" was released on 3/8/2012. It details a way to identify industries that might grow or be added to Erie's industry mix to help keep local dollars local. These might be profitable opportunities for local entrepreneurs! A full copy of the report can be accessed using the link above. Thanks to the EDCEC for funding this research!



ERIE Leading Index - ELI

ELI is sponsored by

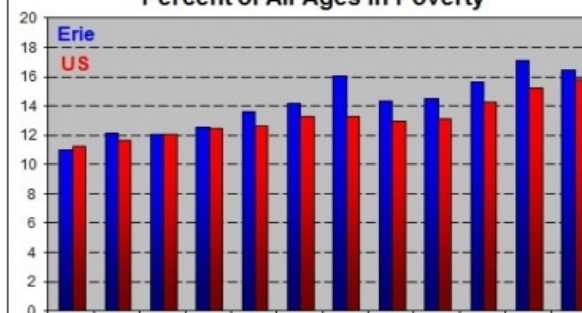


CCRA Cost of Living Index Calculator

Latest Erie Data!

Latest Erie Employment Forecast

Percent of All Ages in Poverty





ERIE is a research center of the
Black School of Business at Penn State Behrend

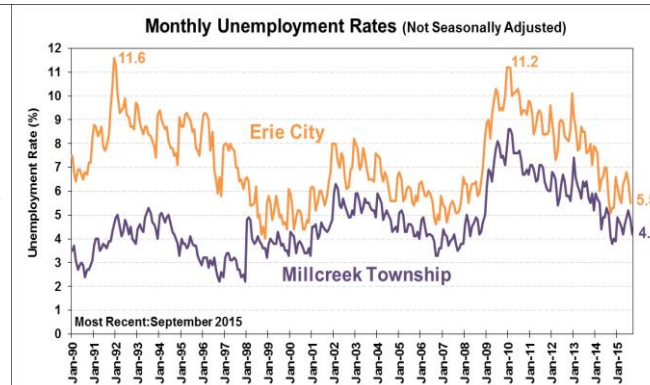
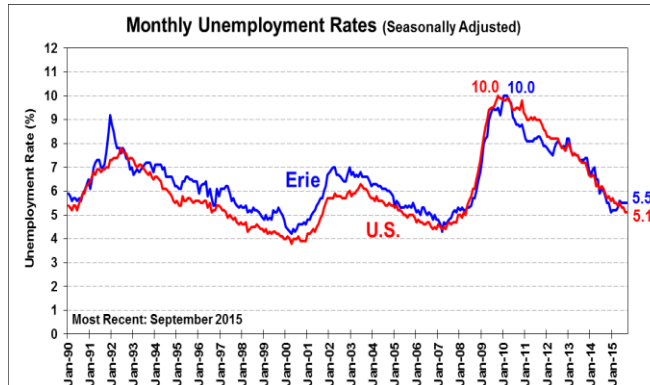
Latest Erie Data!

Last updated November 19, 2015

(All data are for Erie County unless otherwise indicated)

As of September, 2015:	Latest (NSA)*	Change from Previous Month	Latest (SA)*	Change from Previous Month
Unemployment Rate (Erie County)	4.8%	↓ 0.8%	5.5%	0.0%
-Erie City	5.5%	↓ 0.9%	---	---
-Millcreek Township	4.2%	↓ 0.6%	---	---
-U.S.	4.9%	↓ 0.3%	5.1%	0.0%
-Pennsylvania	4.9%	↓ 0.6%	5.3%	↓ 0.1%
Labor Force	135,000	↓ 100	134,700	↑ 800
Employment	128,500	↑ 1,000	127,300	↑ 700
Unemployment	6,500	↓ 1,000	7,400	0

*NSA: Not Seasonally Adjusted; SA: Seasonally Adjusted. SA data for Erie City and Millcreek Township are unavailable. Erie, Pennsylvania, and U.S. data provided by [PA Department of Labor and Industry](#).
Note: Latest Erie Data are preliminary and subject to revision next month



As of September, 2015		Change from Previous Month
Manufacturing Employment (NSA)	22,400	0
Population, 2014	278,443	Change from Prior Year
Total Personal Income, 2014	\$10,636,535,000	↓ 0.47% from 279,760
Income Per Capita, 2014	\$38,200	↑ 2.0% from \$10,428,430,000
-U.S., 2014	\$46,049	↑ 2.5% from \$37,276
		↑ 3.6% from \$44,438



Open in new window Add to favorites!

"Men make counterfeit money; in many more cases, money makes counterfeit men." Sidney J. Harris

Latest Additions to the Site



ERIE Guide to the Erie Economy, 5th Edition (2015)

Get a glimpse into what is happening in Erie's economy by checking out the ERIE Guide to the Erie Economy, 5th edition. This report includes interesting information about Erie and how the region compares to the nation in terms of employment, income, demographics, poverty, migration and much more!



Measuring Sprawl 2014

Analyzes development in 221 metropolitan areas across the United States, as well as the relationship between development and quality of life indicators in those areas.

Starting Salaries by College Major, 2013-14

Useful information for those selecting a college major, or thinking about changing their careers. Starting salary is not the only thing to consider, clearly. But it IS one important thing to take into account since it will have a huge impact on your standard of living, probably for the rest of your life.

The Economic Value of Protected Open Space in Erie County
by the [Lake Erie Region Conservancy](#); Feb. 2013
[Download the report here!](#)

Import Substitution Study released

A study commissioned by the Economic Development Corporation of Erie County, "Building Erie by Buying Erie" was released on 3/8/2012. It details a way to identify industries that might grow or be added to Erie's industry mix to help keep local dollars local. These might be profitable opportunities for local entrepreneurs! A full copy of the report can be accessed using the link above. Thanks to the EDCEC for funding this research!



ERIE Leading Index - ELI

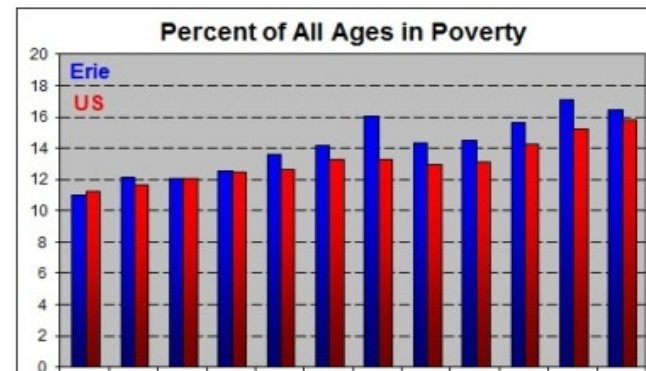
ELI is sponsored by



ACCRA Cost of Living Index Calculator

Latest Erie Data!

Latest Erie Employment Forecast



Marquette SAVINGS BANK

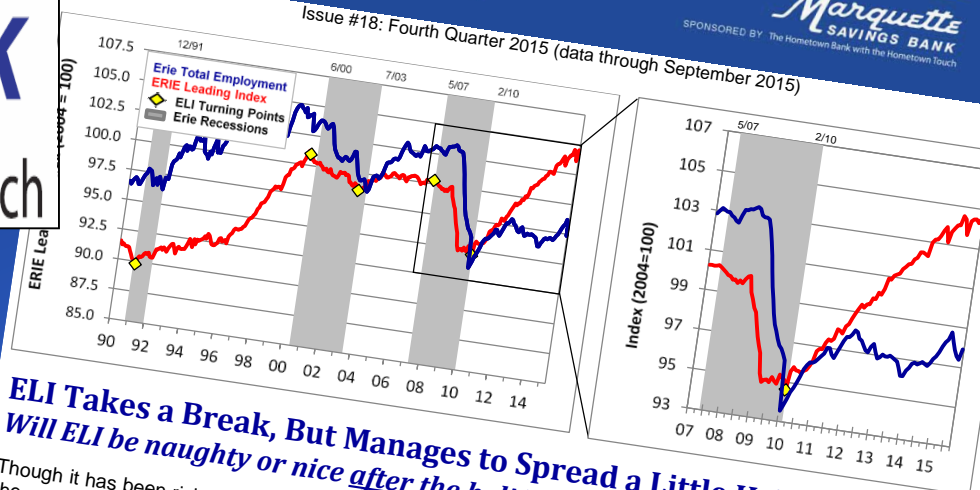
The Hometown Bank with the Hometown Touch

I invite you to sign up for the emails at klouie@psu.edu, or at the bottom of www.ERIEdata.org.

ELI Erie Leading Index

Issue #18: Fourth Quarter 2015 (data through September 2015)

ERIE Marquette SAVINGS BANK
SPONSORED BY The Hometown Bank with the Hometown Touch



ELI Takes a Break, But Manages to Spread a Little Holiday Cheer *Will ELI be naughty or nice after the holiday season?*

Though it has been rising fairly consistently since 2010 as Erie recovered from the Great Recession along with the national economy, the Erie Leading Index (ELI) has apparently decided to take a holiday break this season from its steady five-year upward climb. ELI has remained stable through the past few quarters and is currently hovering at just below 105. Overall, ELI grew by only 0.11% through the third quarter and even dipped slightly in August before picking back up again. Although this represents a slight improvement compared to the 0.05% growth that ELI saw in the previous quarter, it unfortunately is much less than the 2.0% growth that ELI enjoyed over the course of 2014.

ELI's anemic performance reflects the recent sluggish pace of growth in Erie total nonfarm employment, which rose on a seasonally adjusted basis by only 1.5% (2,000 jobs) year-on-year in September, and by only 0.54% (700 jobs) in the third quarter. While the rate of employment growth has been less robust than we would have liked to see, the modest improvement means that ELI is still managing to spread a little holiday cheer! However, if the recently announced plans by G.E. and Lord Corp. for possible job reductions locally are realized, Erie manufacturing as well as total employment are expected to decrease in the next several months, unless those anticipated job losses are offset by job gains in other parts of the local economy. We will therefore need to pay careful attention to see if ELI will be naughty or nice next quarter. Of course, our holiday wish is for ELI to hold its ground, based on the strength of its other input components, and continue to point to growth (or at least stability) in overall local employment.

Erie's seasonally adjusted unemployment rate in September remained at 5.5%, unchanged since June, and was just slightly higher than the unemployment rate in Pennsylvania (5.3%) and the nation as a whole (5.1%).

Economic Research Institute of Erie, Sam and Irene Black School of Business, Penn State Behrend



Open in new window Add to favorites!

"A man would do nothing if he waited until he could do it so well that no one could find fault." John Henry Newman

Latest Additions to the Site

11th ERIE Economic Conference

Investing in Kids: Can Early Childhood Education Be an Economic Development Strategy?

Monday, July 29, Black Conference Center, Burke REDC Bldg, Penn State Erie

Should we be laying the foundation for our kids' futures by the time they're 3 and 4 years of age? And if that IS good for the kids, does it make sense from a community's point of view to invest in early childhood education as an economic development strategy? ERIE is focusing on this crucial issue for its annual conference for community leaders and interested citizens. This is an issue that affects your kids and your business—and Erie's future—in a crucial way.

-Click [here](#) to download all slides and other conference material. (5.2 MB)

-Click [here](#) to download related Early Childhood Education material. (4.5 MB)

-Click [here](#) to download individual presentations.

Sponsored by the [Erie Community Foundation](#) and [United Way of Erie County](#).

The Economic Value of Protected Open Space in Erie County

by the [Lake Erie Region Conservancy](#); Feb. 2013

[Download the report here!](#)

Dr. Kurre's Eggs 'n' Issues talk at the Manufacturer and Business Association

December 12, 2012

This talk includes data on local conditions, the latest ELI information, and info on the fiscal cliff.

[Download the presentation here!](#)

ERIE Leading Index - ELI

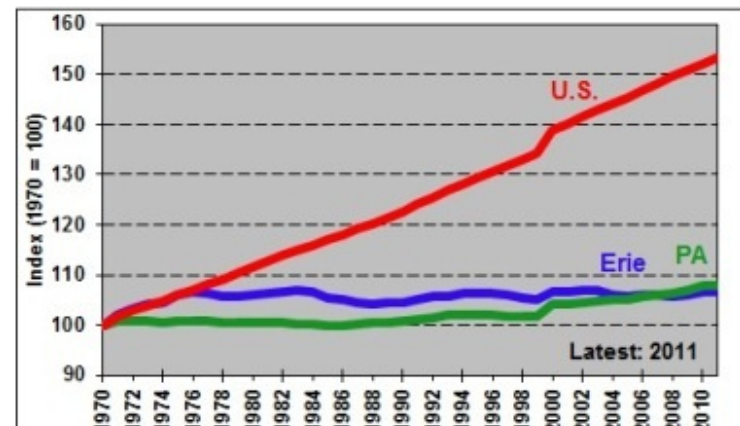
ELI is sponsored by



ACCRA Cost of Living Index Calculator

Latest Erie Data!

Latest Erie Employment Forecast





Search

Open in new window Add to favorites!

"Statistics are no substitute for judgment." Henry Clay

ACCRA Cost of Living Index Calculator

How much does it cost to live in Erie compared to other cities?

The ACCRA Cost of Living Index (COLI) Calculator allows you to make your very own cost of living comparisons between Erie and other U.S. cities. It also allows you to enter your after-tax income and "calculate" how much you would need to make in a new city to maintain your current standard of living.

The calculator uses continuously updated data pulled directly from the ACCRA COLI to make these cost of living comparisons. The ACCRA COLI data is based on the prices of more than 60 goods and services, updated quarterly. The ACCRA COLI is highly regarded as the most accurate and reliable source of data comparing costs from city to city.

[Moving From Erie To Another City](#)

[Moving From Another City To Erie](#)

COLI Calculator Result

Based on the Income that you entered, if you are earning **\$100,000.00** after tax in NY New York (Manhattan), the comparable after-tax income in PA Erie is **\$43,998.22**. Below are the index values and average prices of two areas as well as the national average:

If you move from NY New York (Manhattan) to PA Erie

Groceries will cost:	30.554% less
Housing will cost:	78.442% less
Utilities will cost:	23.966% less
Transportation will cost:	19.071% less
Health will cost:	19.831% less

Section 1: Index Values

Category (Percent Weight)	NY New York (Manhattan)	PA Erie	National Average
Composite (100%)	224.1	98.6	100.0
Grocery (13.56%)	139.1	96.6	100.0
Housing (27.02%)	453.2	97.7	100.0
Utilities (10.30%)	130.6	99.3	100.0
Transportation (12.35%)	124.8	101.0	100.0
Health (4.60%)	118.5	95.0	100.0
Miscellaneous (32.17%)	150.6	99.4	100.0

Section 2 - Average Prices

Item	NY New York (Manhattan)	PA Erie	National Average
T-Bone Steak	\$14.27	\$10.19	\$10.01
Ground Beef	\$4.57	\$3.68	\$3.44
Sausage	\$4.78	\$4.21	\$3.82
Frying Chicken	\$1.88	\$1.27	\$1.24
Chunk Light Tuna	\$1.71	\$1.07	\$1.03
Whole Milk	\$2.27	\$1.99	\$2.29
Eggs	\$2.76	\$1.70	\$1.75
Margarine	\$1.93	\$1.22	\$1.05
Parmesan Cheese	\$6.79	\$4.05	\$3.90
Potatoes	\$4.59	\$3.53	\$2.98
Bananas	\$0.87	\$0.55	\$0.59
Lettuce	\$2.19	\$1.78	\$1.35
Whitebread	\$2.41	\$1.39	\$1.50
Fresh Orange Juice	\$4.21	\$3.26	\$3.42
Coffee	\$5.98	\$5.00	\$4.55
Sugar	\$3.71	\$2.78	\$2.63

Contact Info

Dr. Kenneth Louie, Director

klouie@psu.edu

898-6265

Dr. Jim Kurre, Director Emeritus

k12@psu.edu

