

**Sent:** Thu, 29 Jan 2015 19:53:55 -0500  
**From:** "Aidinoff, Marc F. EOP" <marc\_f\_aidinoff@ovp.eop.gov>  
**To:** "Peters, Robert L." <robert.l.peters@pci.gov>  
**Subject:** Briefing Book for January 30, 2015

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[4. Philadelphia Economic Memo.docx](#)

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[8. Tweet Roundup.docx](#)

[9. Economic Daily Briefing.docx](#)

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Mr. Vice President-- Your briefing materials are attached. v/r Marc

Re: Briefing Book for January 30, 2015

1. Schedule

2. Dr. Biden Schedule

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4. Philadelphia Economic Memo

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8. Tweet Roundup

9. Economic Daily Briefing

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Marc Aidinoff

Office of the Vice President

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**EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL OF ECONOMIC ADVISERS**

January 28, 2015

**MEMORANDUM FOR THE VICE PRESIDENT**

**FROM: JASON FURMAN**

**SUBJECT:** Background on the economic situation in Pennsylvania and the Philadelphia, PA Metropolitan Division.

**UNEMPLOYMENT RATE** (seasonally adjusted)

- **The unemployment rate in Pennsylvania was 4.8% in December 2014, ranking 17<sup>th</sup> out of 51 in terms of unemployment.**

Period	United States	Pennsylvania	Philadelphia metropolitan area
<b>Current (Dec-2014)</b>	5.6%	4.8%	5.2% (Nov-2014)
<b>Start of Recession (Dec-2007)</b>	5.0%	4.6%	4.7%
<b>Peak</b>	10.0% (Oct-2009)	8.7% (Mar-2010)	8.7% (Mar-2010)

**EMPLOYMENT**

**Changes in Total Nonfarm Employment** (seasonally adjusted)

Period	United States	Pennsylvania	Philadelphia metropolitan area
<b>58-Month Recovery Period</b> (Feb-2010 to Dec-2014)	+10,692,000	+248,000	+61,700
<b>Loss During Downturn</b> (Jan-2008 to Feb-2010)	-8,710,000 (Lost 6.3%)	-257,900 (Lost 4.4%)	-80,800 (Lost 4.2%)
<b>Net Gain/Loss</b> (Jan-2008 to Dec-2014)	+1,982,000 (Net gain of 1.4%)	-9,900 (Net loss of 0.2%)	-19,100 (Net loss of 1.0%)

- **Recession:** From the U.S. employment peak in January 2008 to the trough in February 2010, employment in Pennsylvania fell at a much slower pace than the nation as a whole. Most of the job loss was due to Manufacturing (38%), Construction (20%), and Retail Trade (16%).
- **Recovery:** Since the U.S. employment trough in February 2010, employment in Pennsylvania has grown at a much slower pace than the nation as a whole. Pennsylvania has regained 96% of employment lost from January 2008 to February 2010 (compared with 123% nationally), led by growth in Professional & Business Services and Leisure & Hospitality. The Philadelphia metropolitan area has regained 76% of employment lost over this same period.

**KEY SECTORS**

- **Largest sectors:** Educational & Health Services (20%), Professional & Business Services (13%), and Government (12%) account for the largest shares of employment in Pennsylvania. Compared to the nation as a whole, Pennsylvania has a high share of employment in Educational & Health Services.

**TEACHER JOBS**

- In Pennsylvania, the local government educational services employed 320,400 workers in December 2008. In December 2014, the local government educational services sector employed 291,100 workers, 29,300 fewer than in December 2008, and down 3,600 from December 2013.

**VETERANS\***

- In 2013, 849,690 veterans resided in Pennsylvania, including 321,704 in the Philadelphia metropolitan area. Approximately 81,600 veterans in Pennsylvania served after September 2001. The unemployment rate for all veterans in Pennsylvania was 7.3% in 2013.

## MANUFACTURING JOBS

Period	United States	Pennsylvania	Philadelphia metropolitan area (not seasonally adjusted)
<b>58-Month Recovery Period</b> (Feb-2010 to Dec-2014)	+786,000	+7,700	-5,300
<b>Loss During Downturn</b> (Jan-2008 to Feb-2010)	-2,272,000 (Lost 16.6%)	-96,900 (Lost 14.8%)	-18,800 (Lost 12.6%)
<b>Net Gain/Loss</b> (Jan-2008 to Nov-2014)	-1,486,000 (Net loss of 10.8%)	-89,200 (Net loss of 13.6%)	-24,100 (Net loss of 16.1%)

## CONSUMER PRICES

- **Gas prices:** On January 27<sup>th</sup>, the price of regular gas in Pennsylvania was \$2.25 per gallon (8<sup>th</sup> highest in the nation), compared to \$2.04 nationwide. Over the last month, the price in Pennsylvania decreased \$0.35. The highest recorded gas price in Pennsylvania was \$4.07 per gallon on July 16, 2008.
- **Milk prices:** From January 23<sup>rd</sup> to January 29<sup>th</sup>, the average advertised price of milk in the Northeast region of the United States was \$2.88 per gallon, compared to \$3.04 nationwide.

## HOUSING

### Changes in Residential Housing Prices (not seasonally adjusted)

Period	United States	Pennsylvania	Philadelphia metropolitan area
<b>Over the Last Year</b> (2013:Q3 to 2014:Q3)	+5.7%	+2.3%	+2.8%
<b>Net Change Since Peak</b> (2007:Q1 to 2014:Q3)	-8.5%	-3.8%	-4.6%

- **Foreclosures:** 5.5% of all mortgages in Pennsylvania are 90 days past due or in the process of foreclosure as of 2014:Q3 (compared to 4.7% nationally).
- **Housing programs:** As of 2014:Q3, 25,830 permanent modifications had been started under the Home Affordable Modification Program (HAMP) in the Philadelphia metropolitan area, with a median monthly payment reduction of \$406 (compared to \$490 nationally).\* As of November 2014, 70,272 Pennsylvania homeowners refinanced their mortgages through the Home Affordable Refinance Program (HARP).

## HEALTH CARE

- **Marketplace and Medicaid coverage:** During the Affordable Care Act's first open enrollment period, 318,077 people in Pennsylvania selected a plan in the Health Insurance Marketplace. Pennsylvania has not expanded Medicaid.
- **Closing the "Donut Hole":** According to HHS, 262,000 Pennsylvania Medicare beneficiaries saved an average of \$913 on prescription drugs in 2013 as a result of the Affordable Care Act (ACA).
- **Young adults:** HHS estimates that as of December 2011, 91,000 previously uninsured 19-25 year olds in Pennsylvania had health insurance because the ACA allows young adults to remain on a parent's plan.
- **Uninsurance rates:** About 1 in 10 people (9.7%) lacked health insurance in Pennsylvania in 2013. The national uninsurance rate in 2013 was 14.5%.

## INCOME & POVERTY\*

<i>Estimates for 2013</i>	United States	Pennsylvania	Philadelphia metropolitan area
<b>Median household income</b>	\$51,939	\$52,007	\$60,482
<b>Poverty rate</b>	14.5%	13.7%	13.5%
<b>Child poverty rate</b>	19.9%	19.4%	18.7%

NOTES: All state rankings include all 50 states and the District of Columbia.

\*Data for Veterans, HAMP, and Income & Poverty are for the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area, since those data are not available for the smaller Philadelphia, PA Metropolitan Division.

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**Thursday's Tweets**  
*January 29, 2015*

**(Retweet) @USDOL:** "One of the key pathways to success in this country is community colleges." -@LaborSec at Pima Aviation Tech Center



-29 Retweets, 25 Favorites

**@VP:** ICYMI → VP Biden spoke w/ Pres Poroshenko of #Ukraine to discuss the continued attacks by Russian-backed separatists.

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For Immediate Release

January 28, 2015

## **Readout of the Vice President's Call with Ukrainian President Petro Poroshenko**

Vice President Joe Biden spoke today with Ukrainian President Petro Poroshenko. The two leaders discussed the continued attacks in eastern Ukraine by Russian-backed separatists and the heavy toll that the Russian-backed offensive in the east was having on Ukraine's civilian population. The Vice President noted that as long as Russia continues its blatant disregard of its obligations under the Minsk agreements, the costs for Russia will continue to rise.

-101 Retweets, 40 Favorites

THE WHITE HOUSE

Washington

January 29, 2015

MEMORANDUM FOR THE PRESIDENT

FROM: Jeff Zients

SUBJECT: Daily Economic Briefing

Enclosed is the daily updated economic information from CEA and Treasury.

**COUNCIL OF ECONOMIC ADVISERS**  
**DAILY ECONOMIC BRIEFING**  
**January 29, 2015**

**ENROLLMENT AND COMPLETION EFFECTS OF REDUCTIONS IN COMMUNITY COLLEGE TUITION**

- **Reductions in community college tuition led to increased enrollment among recent high school graduates, according to a recent working paper by Jeff Denning.** The author studies the effects of expansions of Texas community college districts—areas in which residents pay lower tuition—on enrollment decisions and completion rates among recent high school graduates.
  - *Using data from the 1990s and 2000s, the author found that for recent high school graduates, a \$1,000 decrease in tuition raised community college enrollment by seven percentage points from a baseline of around 38 percent. Eligibility for lower in-district tuition increased enrollment in community college for individuals as many as six years after high school graduation.*
  - *The author found no evidence that lower community college tuition diverted students from enrolling in four-year colleges. Four-year college enrollment among recent high school graduates did not significantly decline in areas where community college tuition decreased, suggesting that students induced to enroll in community college by the tuition reduction would not otherwise have attended a four-year college.*
  - *The study did not find that lower tuition led to more college completions. However, overall low community college completion rates in the schools studied meant that the study did not have sufficient power to draw conclusions on completion rates. Estimates in the study suggest that completion rates for students induced to attend were broadly similar to those of already enrolled community college students.*

**ENERGY PRICES**

Energy Commodity	Latest Price	Change From			
		1 Day	1 Week	1 Month	1 Year
Regular Gasoline (retail)	\$ 2.04	\$0.01	\$0.00	-\$0.24	-\$1.23
Diesel (retail)	\$ 2.82	-\$0.01	-\$0.06	-\$0.36	-\$1.07
Brent Front-Month	\$ 49.00	1.1%	1.0%	-15.3%	-54.6%
WTI Front-Month	\$ 44.53	0.2%	-3.8%	-16.9%	-54.7%
Source: Bloomberg					



## U.S. TREASURY MARKETS ROOM DAILY BRIEFING

### January 29, 2015

Money Markets			Foreign Exchange		
	Chg (pts)	Closing Value		Chg (%)*	Closing Value
3-month LIBOR Rate	0 bps	0.25%	US\$ per Euro	-0.87%	1.1282
3-month Treasury Bill Rate	0 bps	0.02%	Yen per US\$	0.32%	117.49
Fixed Income Markets			Equity & Energy Markets		
	Chg (pts)	Closing Value		Chg (%)	Closing Value
2-year Treasury	-5 bps	0.46%	S&P 500	-1.35%	2002
10-year Treasury	-11 bps	1.72%	US Bank Index	-2.44%	66.68
10-year German Bond	-3 bps	0.35%	Dow Jones Euro Stocks Index	-0.40%	3359
10-year Spanish Bond	5 bps	1.44%	Eurozone Bank Index	-3.06%	129.75
10-year Italian Bond	6 bps	1.59%	Japanese Nikkei	0.15%	17796
10-year Japanese Bond	3 bps	0.30%	VIX Volatility Index	18.70%	20.44
30-year Fixed Rate Mortgage (1 day lag)	0 bps	3.85%	Brent Oil (per barrel)	-2.24%	\$48.49
Avg CDS Spread for 7 Large Banks	2 bps	77 bps	Gasoline Futures	-0.18%	\$1.35

\*Note: a negative number means depreciation versus the dollar.

- U.S. financial markets endured a fairly active trading session in light of mixed reactions to the Federal Open Market Committee's (FOMC) monetary policy announcement and as market participants continued to digest fourth quarter earnings releases and political headlines from Europe. S&P 500 closed 1.4% lower after a positive open, and 10-year U.S. Treasury yields declined 11 basis points to 1.72%. The dollar gained 0.5% against a basket of currencies, as the euro declined 0.9%, while the yen strengthened 0.3%. European equity markets were broadly mixed, as German and French indexes outperformed peripheral European bourses, with the Euro Stoxx index closing 0.4% lower. Despite further declines in German 10-year yields, peripheral bond markets came under selling pressure, with 10-year yields (ex-Greece) up from 5 to 14 basis points.
- As expected, the FOMC maintained the federal funds rate between 0 and 25 basis points at today's policy announcement and made minor alterations to the statement, indicating an improved economic assessment. The FOMC noted that economic conditions have improved with unemployment rates continuing to decline, household spending rising moderately, and business fixed investments advancing. However, statement noted that the housing recovery remains slow and inflation has declined due to energy prices, although it is still expected to rise towards 2% over the medium term. The policy statement once again indicated that the Committee would be "patient" in beginning to normalize monetary policy, implying (based on previous statements by Chair Yellen) that the first interest rate increase would not occur at the next two meetings, in March and April. Given the apparently innocuous FOMC statement, subsequent market action seemed disproportionate to some contacts, as the S&P 500 and Treasury yields declined steadily, and the dollar rallied, in the last hours of trading.
- U.S. equities opened the trading session moderately higher after stronger-than-expected earnings results by Apple, Boeing, U.S. Steel, and General Dynamics late yesterday and early this morning. After markets closed, Facebook beat earnings estimates handily but nevertheless fell 1.8% in after-hours trading. Qualcomm cut its forecast for the second half of 2015 on weaker orders and increased competition, sending its stock down 8% after-hours.

*Singapore:* The Monetary Authority of Singapore (MAS) eased monetary policy overnight, which follows a series accommodative action by global central banks. The official statement noted that MAS would adjust downward the rate of Singapore dollar appreciation (for context, Singapore uses its exchange rate as its main monetary policy tool). In addition, the central bank reduced its inflation outlook for 2015 while anticipating that the economy would remain on track to expand by 2% to 4% in 2015. After the announcement, the Singapore dollar depreciated 1% versus the U.S. dollar. The decision by MAS follows recent unexpected interest rate reductions in India, Canada, Turkey, and Denmark.

*Oil:* Department of Energy crude oil inventories were higher than expected, resulting in a decline in oil prices, with Brent oil and U.S. benchmark WTI oil 2.2% and 3.9% lower, respectively. The fall in oil prices filtered through to the Russian ruble, which depreciated 0.7% after surrendering earlier gains.



*Greece:* New Greek Prime Minister Alexis Tsipras stated that he would avoid a “catastrophic clash” with creditors and other governments but that his government “will not be forgiven” if it betrays its pledge to re-negotiate the bailout terms. Greece’s 10-year government bond yield closed 85 basis points higher at 10.1%, for a cumulative 180 basis points increase since before the election. The deterioration in Greek assets was also observed with a 25% decline over the previous two days in the stock price of Greece’s four largest lenders.

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