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**Montgomery County, Maryland**

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**DECEMBER 2013  
ECONOMIC INDICATORS**

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**Department of Finance**

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**December 10, 2013**

# **ECONOMIC OUTLOOK - SUMMARY**

# ***Economic Recovery vs. Fiscal Recovery***

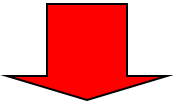
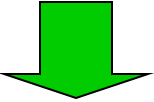

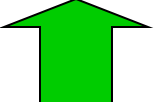
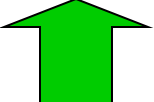
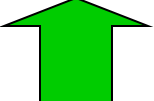
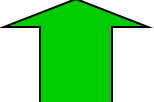
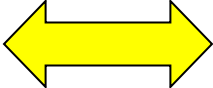
- **While economic indicators can point to recovery in certain tax revenues, some revenues, such as excise taxes, can be expected to decline from the previous fiscal year either because of rate cuts (fuel-energy) or sequestration and federal government shutdown (hotel-motel).**
- **This can be due to adjustments in consumer behavior that affect consumer spending for certain excise taxes.**
- **The recent length (last three cycles) of an economic recovery and expansion (e.g., from trough to peak) has averaged about 95 months according to the National Bureau of Economic Research.**

## ***Current Signs of Economic Recovery***

- A drop in unemployment rate from 5.3 in August 2012 percent to 5.0 percent in August and a slight increase in the annual average rate from 5.2 percent in CY2012 to an estimated 5.3 percent in CY2013.**
- The growth in the stock market to date (S&P 500 index up 26.54 percent as of November 22<sup>nd</sup>).**
- Home prices show signs of improvement**
- Montgomery County has experienced modest growth in resident employment to date in CY2013 (↑1.0%).**

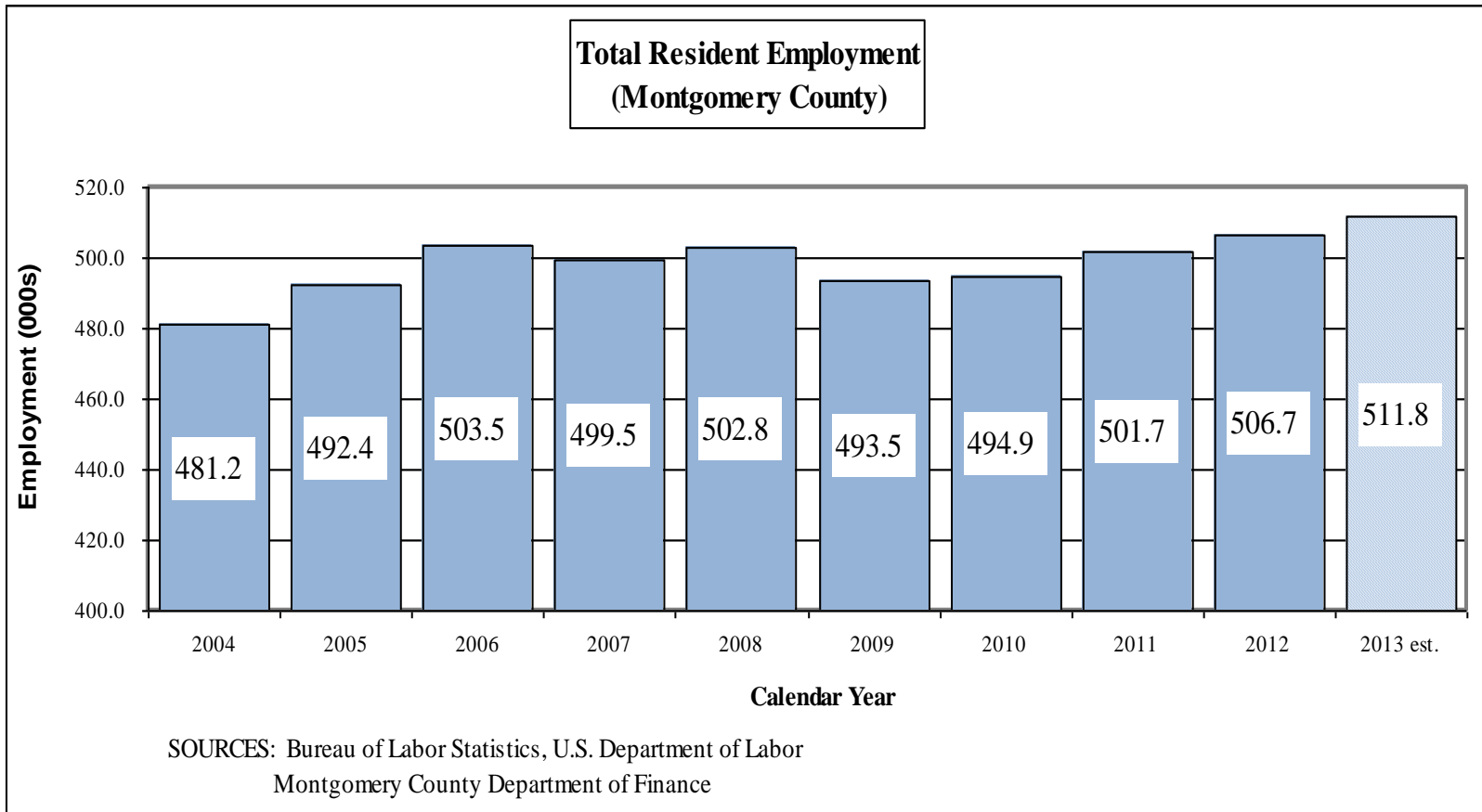
## ***Continued Causes of Concern***

- Pull backs attributed to sequestration may continue to dampen employment and income growth in Montgomery County.**
- Inflation year-to-date is running below rates for CY2011 and CY2012.**
- The unemployment rate remains at the 5 percent level.**
- Fed funds rate expected to remain flat through CY2014.**

<b>ECONOMIC INDICATOR DASHBOARD</b>	<b>LATEST DATA</b>	<b>REVENUE AFFECTED</b>	<b>EXPLANATION</b>	<b>COMPARISON</b>	<b>DIRECTION (yr.-over-yr.)</b>
INFLATION	1.47% Jan.-Sept. 2013	Property Taxes	Key determinant of property tax revenues at the Charter Limit	2012: 2.20% 2011: 3.34%	
UNEMPLOYMENT RATE	5.0% Aug. 2013	Income Taxes	Indicates overall health of the job market	July 2013: 5.3% Aug. 2012: 5.3%	
RESIDENT EMPLOYMENT (n.s.a.)	511,602 Aug. 2013	Income Taxes	Primary determinant of income tax receipts	July 2013: 517,695 Aug. 2012: 507,091	
PAYROLL EMPLOYMENT (Estimated – n.s.a)	481,600 Aug. 2013	Income Taxes	Another determinant of income tax receipts	July 2013: 487,500 Aug. 2012: 472,500	
STOCK MARKET - S&P 500	1804.76 As of Nov. 22nd	Income Taxes	Key determinant of capital gains portion of the income tax	December 31st: 2012: 1,426.19 2011: 1,257.60	
HOME SALES	915 Oct. 2013	Transfer/ Recordation Taxes	Indicates activity affecting receipts	Sept. 2013: 871 Oct. 2012: 726	
HOME PRICES (Average Price Sold)	\$489,178 Oct. 2013	Transfer/ Recordation Taxes	Taxes are based on values, affects amount of taxes collected	Sept. 2013: \$476,910 Oct. 2012: \$443,907	
FEDERAL FUNDS RATE (preliminary)	0.09% Oct. 2013	Investment Income	County's return on investments closely correlated with the Fed Fund rates	Sept. 2013: 0.08% Oct. 2012: 0.16%	

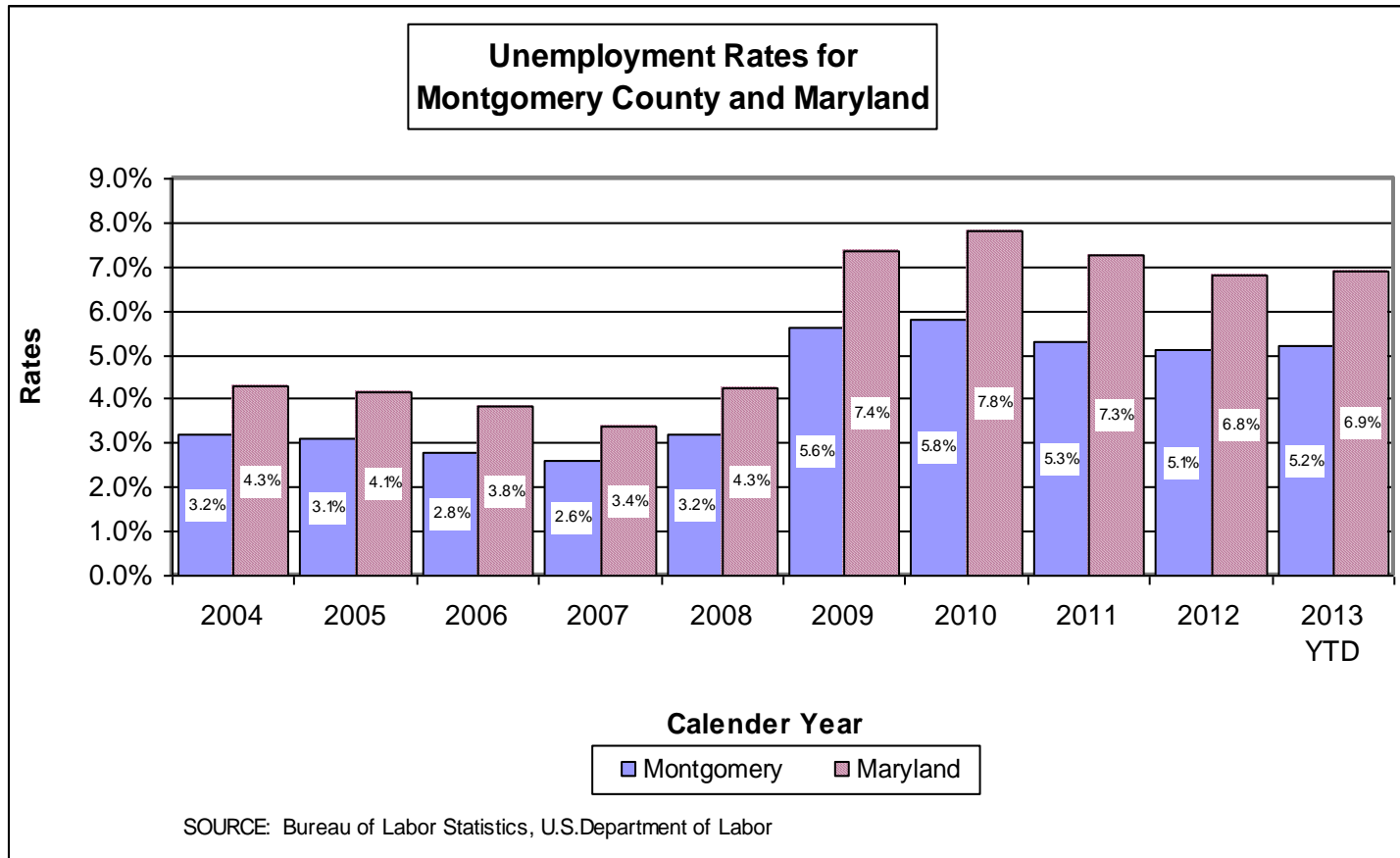
**Department of Finance estimates that resident employment in Montgomery County exceeds 511,000 in CY2013 (↑1.0% over CY2012).**

On a year-over-year basis, resident employment increased by over 4,500 from August 2012 to August of this year.



**The Department of Finance estimates that the unemployment rate for Montgomery County remains above 5.0 percent in CY2013 – slightly above the rate during the previous calendar year.**

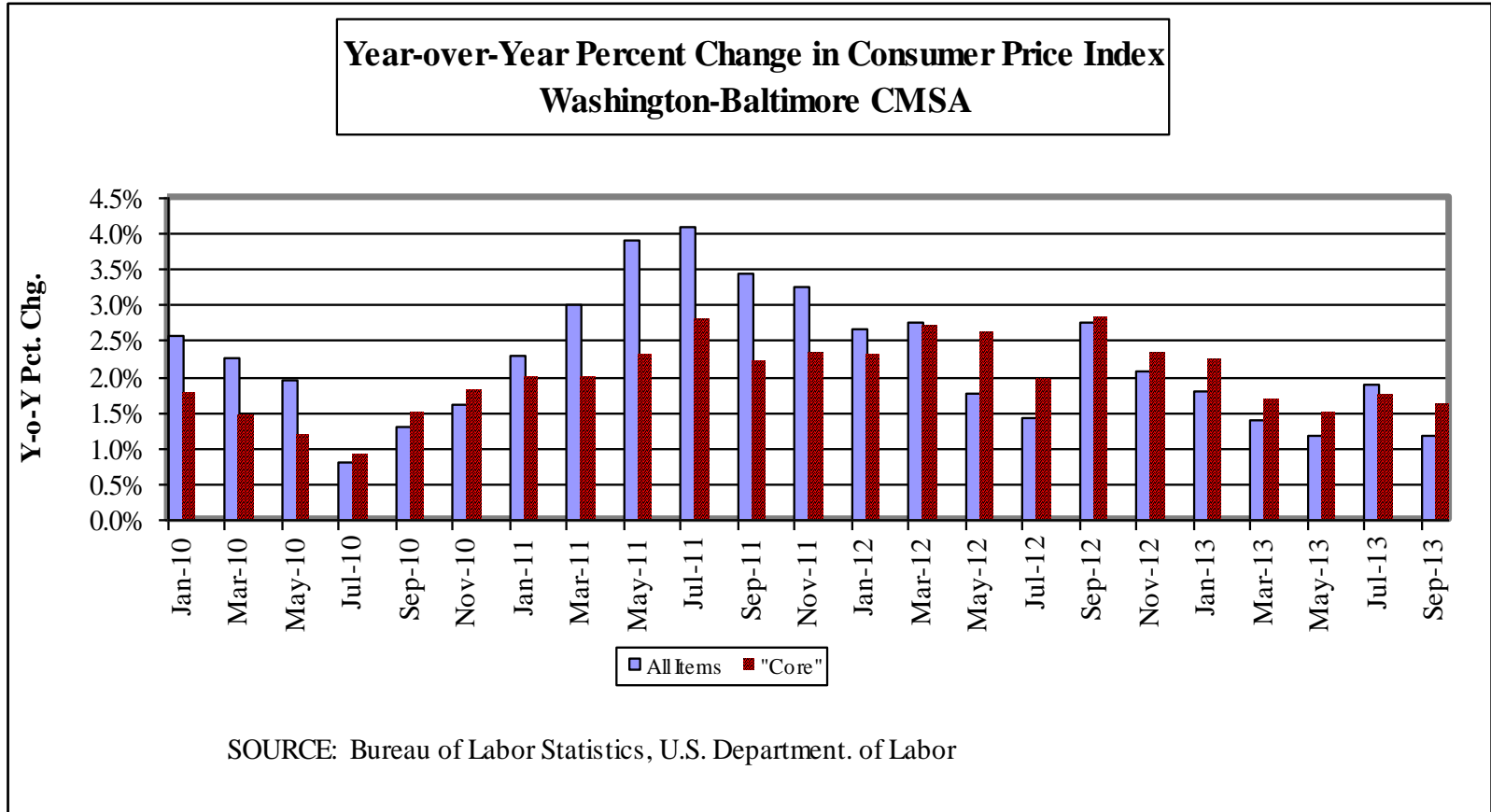
The unemployment rate in August was 5.0 percent compared to 5.3 percent in August 2012.





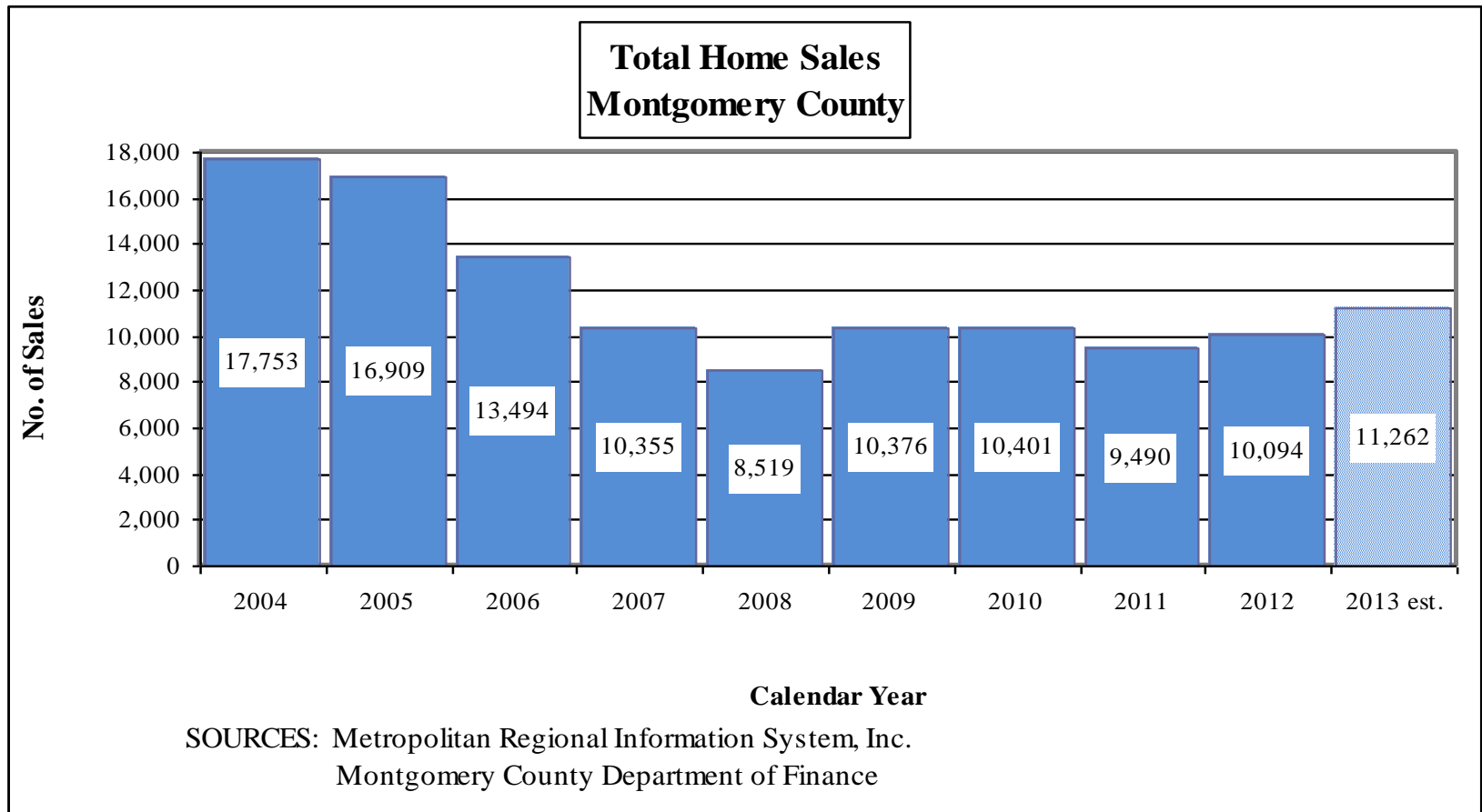
# The consumer price index (CPI) decelerated in September.

Overall for the Washington-Baltimore consolidated region the CPI increased 1.2 percent in September '13 from September '12. For the calendar year 2012, the index increased 2.2 percent compared to 3.3 percent in CY2011.



## ***Home sales were up in CY2012.***

**Total sales of existing homes increased 6.4 percent in CY2012 compared to a decrease of 8.8 percent in CY2011. Finance estimates that home sales will increase 11.6 percent in CY2013.**



## ***Median home sales prices were up in CY2012.***

**With the sales of existing homes in the County increasing 6.4 percent in 2012, the median sales price increased 4.9 percent, which followed a modest increase of 2.9 percent (CY2010), but no increase in CY2011. Finance estimates that average home prices will increase 8.2 percent in CY2012.**

