
Montgomery County, Maryland

**DECEMBER 2012
ECONOMIC INDICATORS**

Department of Finance



December 11, 2012

ECONOMIC OUTLOOK - SUMMARY

Economic Recovery vs. Fiscal Recovery

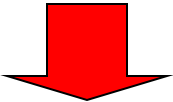
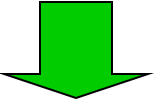

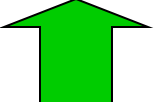
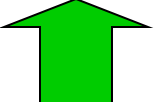
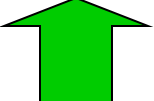
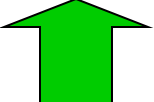
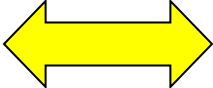
- While economic indicators can point to recovery in certain tax revenues, some revenues, such as excise taxes, are expected to continue to decline.**
- This can be due to adjustments in consumer behavior that affect consumer spending for certain excise taxes.**
- The recent length (last three cycles) 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 5.1 in October 2011 percent to 4.7 percent in October and the annual average decline from 5.2 percent in CY2011 to an estimated 5.0 percent in CY2012.**
- The growth in the stock market to date (S&P 500 index up 11.9% as of November 26th).**
- Home prices show signs of modest improvement**
- Montgomery County has experienced modest growth in employment to date in CY2012.**

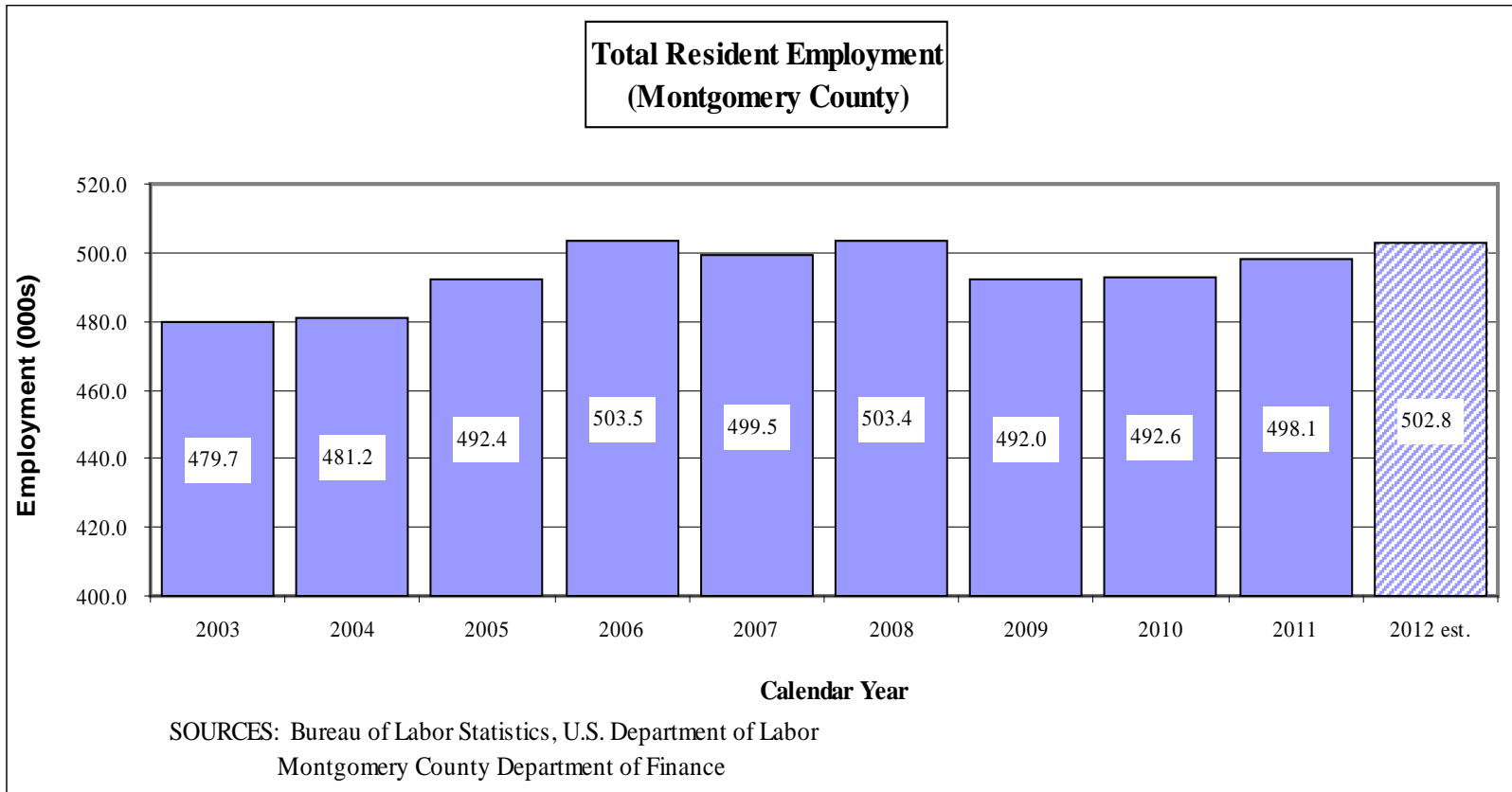
Continued Causes of Concern

- Pull backs attributed to the fiscal cliff and its effect on employment and income in Montgomery County**
- The secondary effects of the fiscal cliff on tax revenues other than the income tax particularly asset values and consumption**
- Fed funds rate expected to remain flat through first half of CY2014**

ECONOMIC INDICATOR DASHBOARD	LATEST DATA	REVENUE AFFECTED	EXPLANATION	COMPARISON	DIRECTION (yr.-over-yr.)
INFLATION	2.22% Jan.-Sept. 2012	Property Taxes	Key determinant of property tax revenues at the Charter Limit	2011: 3.35% 2010: 1.72%	
UNEMPLOYMENT RATE	4.7% Oct. 2012	Income Taxes	Indicates overall health of the job market	Sept. 2012: 4.9% Oct. 2011: 5.1%	
RESIDENT EMPLOYMENT	512,014 Oct. 2012	Income Taxes	Primary determinant of income tax receipts	Sept. 2012: 507,607 Oct. 2011: 499,565	
PAYROLL EMPLOYMENT (Estimated)	482,700 Oct. 2012	Income Taxes	Another determinant of income tax receipts	Sept. 2012: 479,800 Oct. 2011: 469,600	
STOCK MARKET - S&P 500	1406.29 As of Nov. 26th	Income Taxes	Key determinant of capital gains portion of the income tax	December 31st: 2011: 1,257.60 2010: 1,257.64	
HOME SALES	726 Oct. 2012	Transfer/ Recordation Taxes	Indicates activity affecting receipts	Sept. 2012: 745 Oct. 2011: 634	
HOME PRICES (Average Price Sold)	\$443,907 Oct. 2012	Transfer/ Recordation Taxes	Taxes are based on values, affects amount of taxes collected	Sept. 2012: \$460,654 Oct. 2011: \$411,221	
FEDERAL FUNDS RATE (preliminary)	0.16% Oct. 2012	Investment Income	County's return on investments closely correlated with the Fed Fund rates	Sept. 2012: 0.14% Oct. 2011: 0.07%	

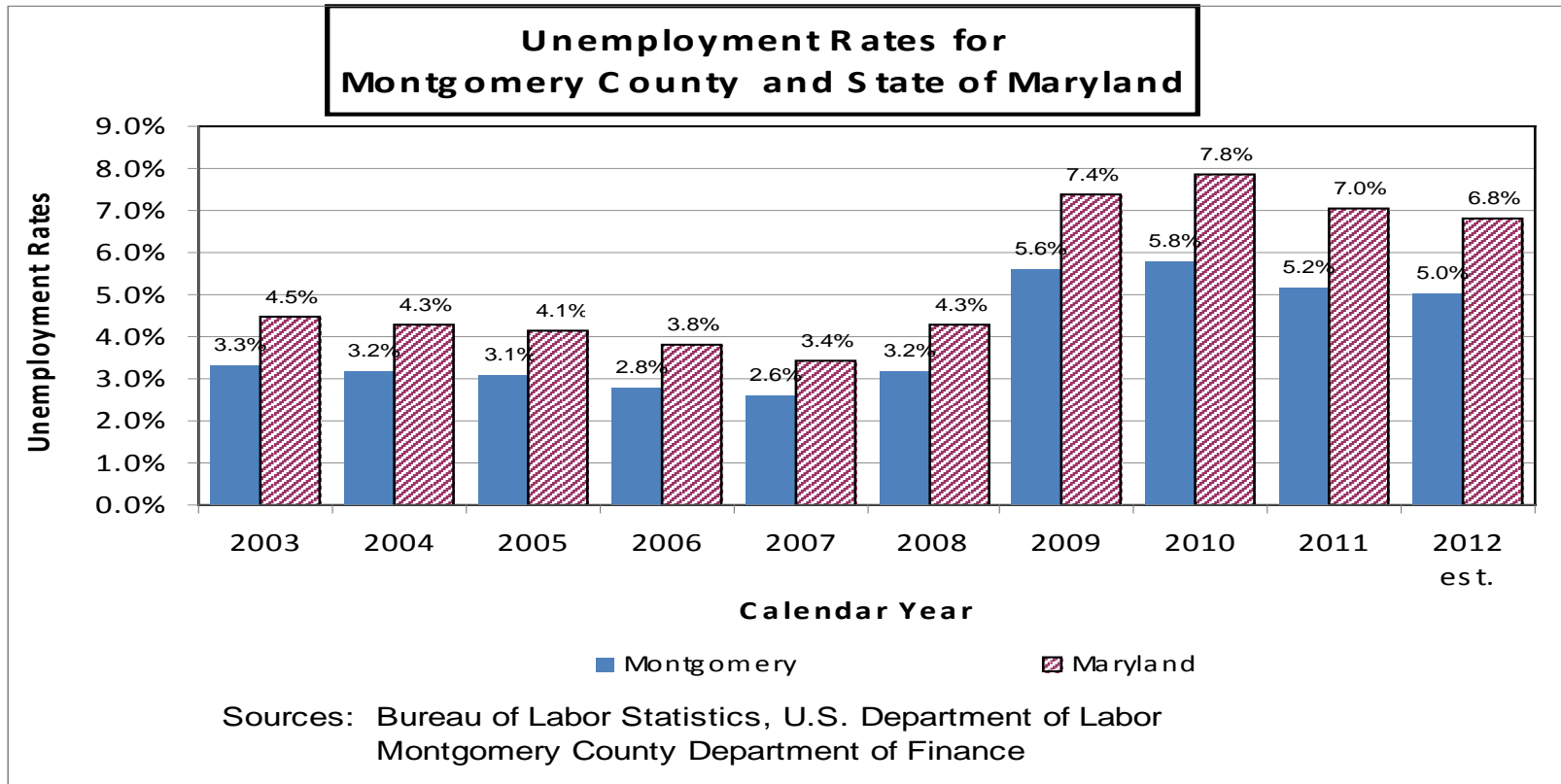
Department of Finance estimates that resident employment in Montgomery County could exceed 500,000 in CY2012 (↑1.0% over CY2011).

On a year-over-year basis, resident employment increased by nearly 12,540 from October 2011 to October of this year.



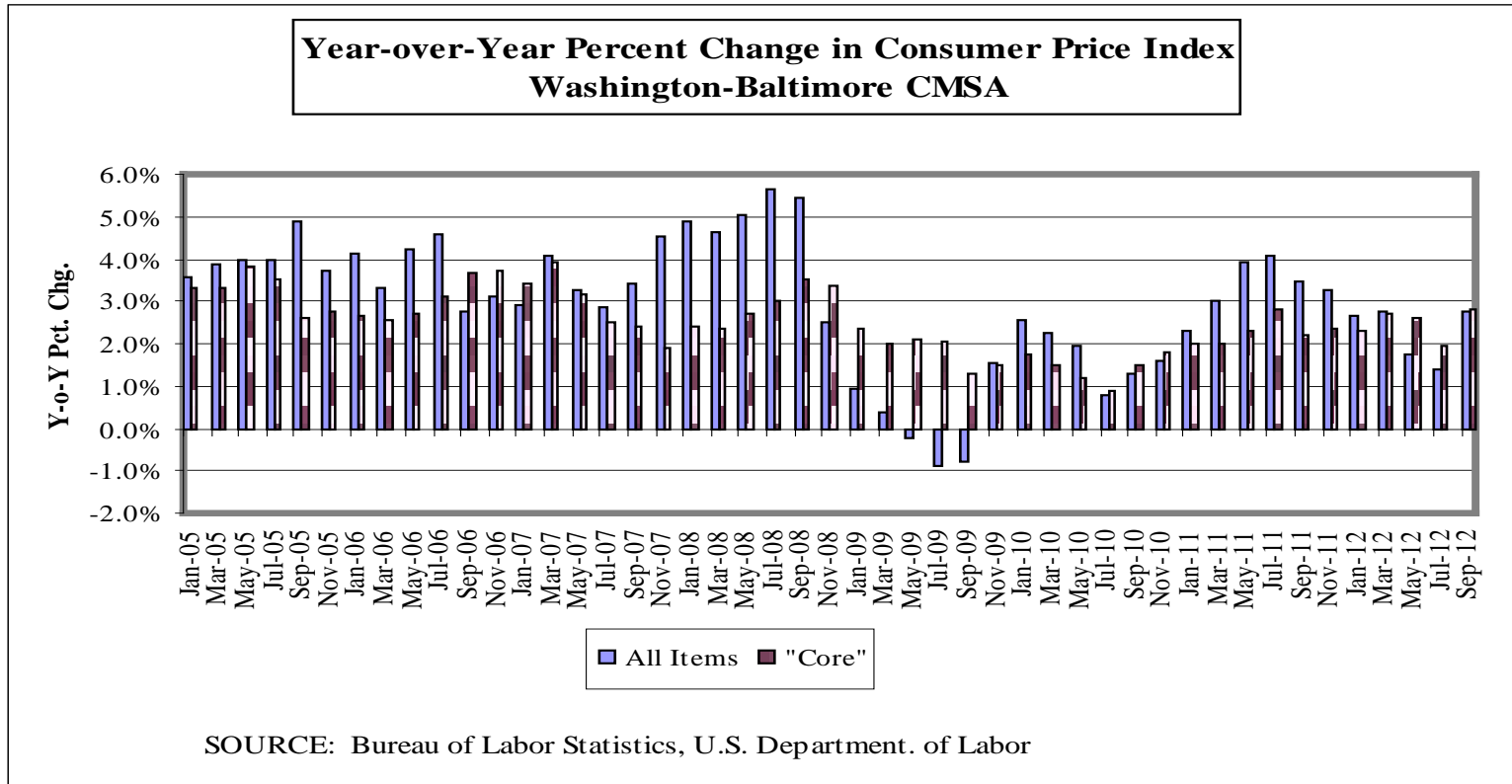
The Department of Finance estimates that the unemployment rate for Montgomery County could decline to 5.0 percent in CY2012 – down slightly from 5.2 percent from the previous year.

The unemployment rate in October was 4.7 percent compared to 5.1 percent in October 2011.



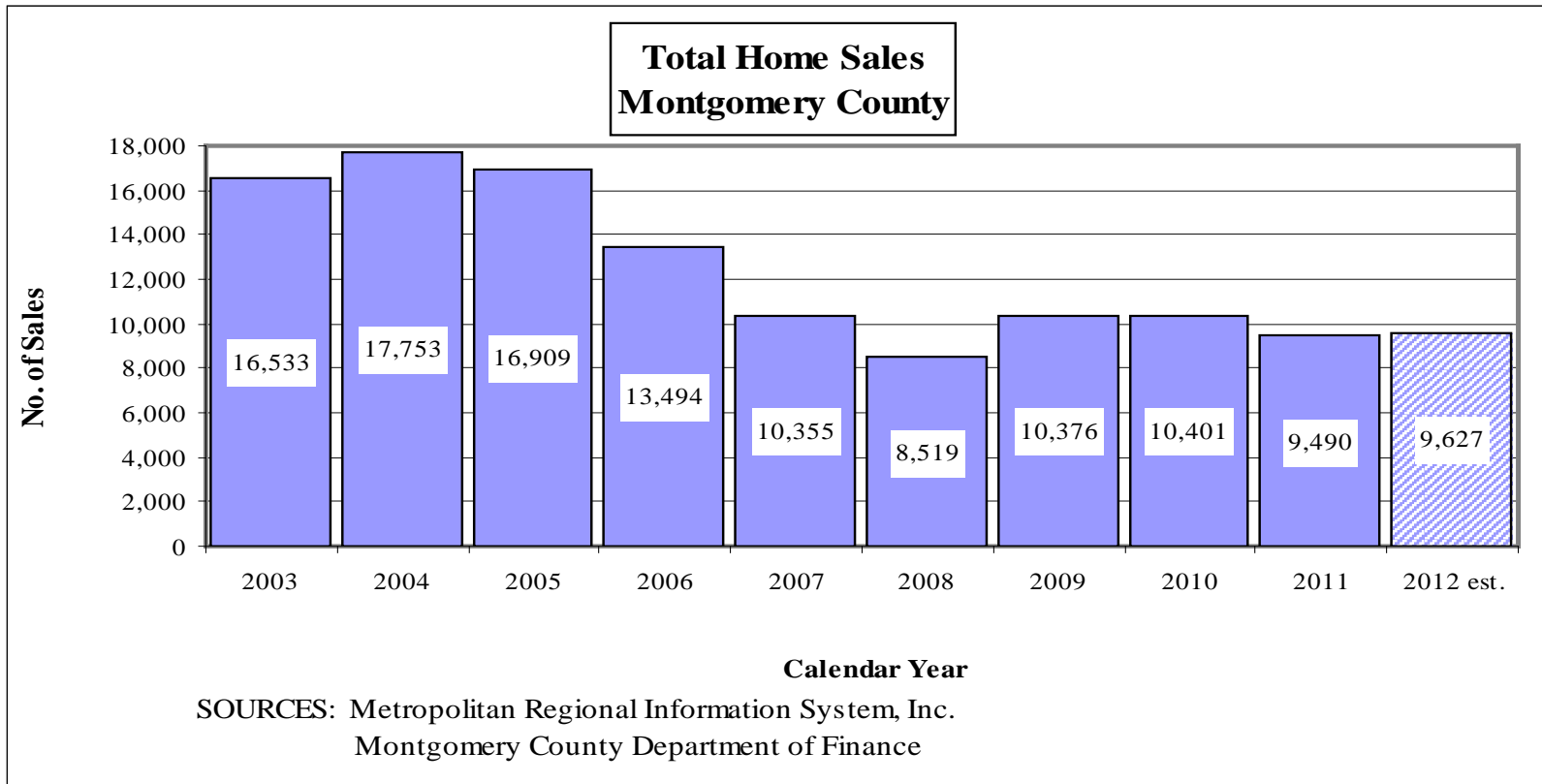
The consumer price index (CPI) accelerated in September.

Overall for the Washington-Baltimore consolidated region the CPI increased 2.8 percent in September '12 from September '11. For the calendar year 2011, the index increased 3.4 percent compared to 1.7 percent in CY2010.



Home sales were down in CY2011.

Total sales of existing homes decreased 8.8 percent in CY2011 compared to an increase of 0.2 percent in CY2010. Most of that increase in CY2010 occurred during the first half of the calendar year. Finance estimates that home sales could increase 1.4 percent in CY 2012.



Average home sales prices were up in CY2011.

While the sales of existing homes in the County decreased in 2011, the average sales price increased 2.3 percent, which followed a decrease of 13.8 percent (CY2009) and a modest increase of 1.7 percent (CY2010). Finance estimates that average home prices could increase 1.5 percent in CY2012.

