

MONTHLY ECONOMIC INDICATORS

THE PORT AUTHORITY OF NY & NJ

Planning and Regional Development Department

October 2015

	Actual		Annual Forecast
UNEMPLOYMENT RATE	SEP 2015	SEP 2014	2015
U.S.	5.1%	5.9%	5.1%
REGION (AUG 2015)	5.1%	6.4%	-
NON-FARM EMPLOYMENT	SEP 2015	SEP '15/ SEP '14	2015
U.S.	142.37M	2.0%	2.5%
REGION	8.85M	1.0%	1.5%
REAL GDP	2015Q3	2015Q2	2015
U.S.	1.5%	3.9%	2.1%
REGION	2.3%	5.1%	2.2%
INTERNATIONAL TRADE	AUG 2015	AUG '15/ AUG '14	2015
U.S.	\$313.6B	-6.2%	-2.3%
NY CUSTOMS DISTRICT	\$32.6B	-6.2%	-
NY Imports	\$21.8B	-1.2%	-
NY Exports	\$10.8B	-15.0%	-
GASOLINE PRICE	SEP 2015	SEP 2014	2015
New York City	\$2.48/g	\$3.46/g	\$2.33/g
Newark, NJ	\$1.96/g	\$2.88/g	\$1.84/g
PRICES	SEP '15/ SEP '14	SEP '14/ SEP '13	2015
Consumer Prices - U. S.	0.0%	1.6%	0.4%
Consumer Prices - REGION	0.3%	1.0%	0.5%
Personal Income - U. S.	3.7%	4.5%	3.5%
Personal Income - REGION	3.7%	3.7%	3.1%
Construction Costs - U.S. 20-CITY	2.0%	5.4%	-
Construction Costs - NYC	3.8%	12.1%	-
Housing Prices - U.S. 20-CITY	5.1%	5.5%	4.8%
Housing Prices - NYC	2.0%	3.0%	-
CLASS A OFFICE SPACE AVERAGE ASKING RENT	JUL 2015	JUL 2014	2015
Manhattan Totals	\$77.43/sf	\$75.25/sf	-
Midtown	\$86.12/sf	\$82.70/sf	-
Downtown	\$62.10/sf	\$55.07/sf	-

* For Unemployment Rates, Employment and GDP, U.S. data are seasonally adjusted, regional data are not.

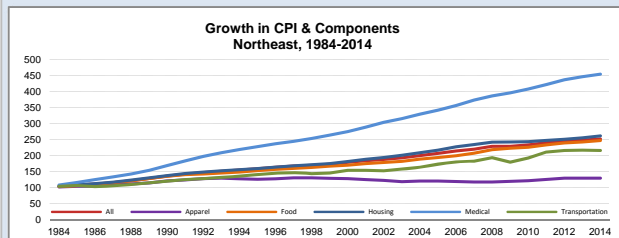
* Forecast developed by PA Planning staff using Oxford Economics' Macro Model.

SPECIAL FOCUS

What is your market basket?

While the Federal Reserve decided this week to leave its short-term interest rate target untouched, there is continued discussion about the inflation outlook for the US economy. As part of its dual mission, the Fed watches employment growth and price stability and if the latter accelerates too quickly, the Fed may raise short term interest rates to keep inflation in check. In recent months however, the aggregate price level in the economy has not moved at all. In fact, the US economy has experienced near perfect price stability in 2015 due to low energy prices. But even without energy prices in the mix, average price inflation has been very modest.

There are several different metrics available to assess inflation in the economy. While the Fed is mostly tracking changes in the Personal Consumption Expenditure deflator, the public is focused much more on the Consumer Price Index (CPI). The CPI uses a defined market basket of goods and services that is purchased by the average household. The composition of the market basket is adjusted regularly to reflect substitution trends. Over the last thirty years, the CPI for the Northeast has grown on average by 3 percent annually, which makes the current low-inflation climate so unusual. When looking at the components of the CPI, it is easy to see that price trends for each subcategory are markedly different than for the total index. For instance, medical goods and services prices have increased by 5% per year on average while apparel prices have remained roughly constant since 1984.



The composition of the market basket has direct implications for the experience of inflation over time. Based on BLS data, households have shifted their own budget allocations over the last 30 years. For instance, the share of budgets taken up by health insurance has nearly quadrupled while the share spent on food has fallen considerably. But everyone's budget is different and therefore aggregate data and averages mask shifts in individual household budgets.

% of Budget spent on ...	1984	2014	Difference
Housing	30.3%	35.5%	5.3%
Food	16.1%	11.6%	-4.6%
Transportation	18.5%	15.7%	-2.7%
Apparel	6.7%	3.3%	-3.4%
Health Insurance	1.4%	5.4%	4.0%

We hear frequently that households are under more and more financial pressures and constraints. The current 6-year expansion simply does not feel like a period of economic prosperity. That is clearly due not only to non-existent wage gains, especially for workers at the middle and bottom of the income distribution, but also the result of certain household budget items that have rapidly been increasing in price. Housing costs in urban areas such as New York City is such an example but even in the city, housing price inflation varies greatly between the different boroughs. The greater exposure to health related costs, and smaller employer health insurance matches, in addition to rapid increases in tuition fall into this category as well. It may also be the case that visible price increases on important budget items cause households to extrapolate and conclude that prices on average are rising.

The bottom line is that the price data supplied by our colleagues at the BLS does come with some qualifications, but they are a great resource and the best measure we have to assess aggregate price level changes. But there also is the other side to every household's income statement: compensation. And one can only hope that wage gains across all industries will exceed any inflationary pressures coming down the pike.

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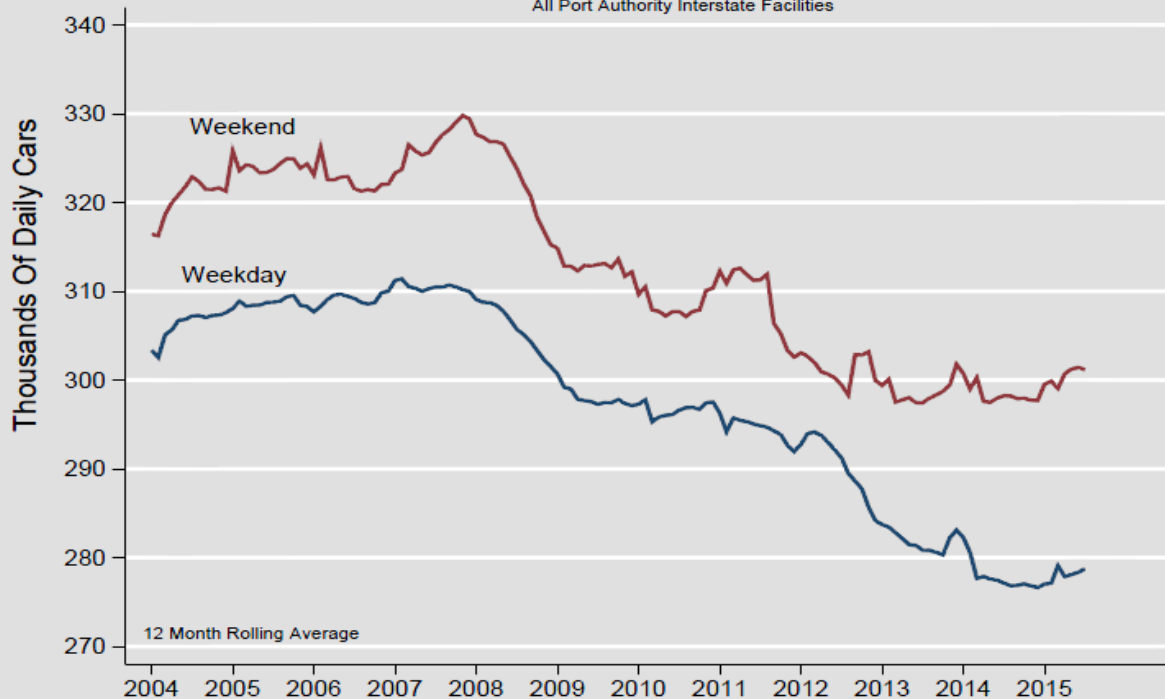
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AVIATION	Aug '15	YTD	Aug '15/'14	YTD '15/'14	PORT COMMERCE	Aug '15	YTD	Aug '15/'14	YTD '15/'14
Revenue Passengers (000's)	12,050.1	82,004.2	5.3%	5.4%	Port Trade				
John F. Kennedy International Airport (JFK)	5,817.0	38,143.2	6.2%	6.7%	Container Imports (TEUs)	285,834	2,157,396	6.0%	11.8%
LaGuardia Airport (LGA)	2,675.3	18,833.3	6.1%	4.8%	Container Exports (TEUs)	114,791	934,773	-9.9%	-1.8%
Newark Liberty International Airport (EWR)	3,530.7	24,836.5	3.5%	4.2%	Containers lifted on/off Express Rail	45,533	349,528	5.9%	13.0%
Stewart International Airport (SWF)	27.0	191.2	-4.2%	-9.0%	TUNNELS, BRIDGES & TERMINALS	Aug '15	YTD	Aug '15/'14	YTD '15/'14
Revenue Freight (Short Tons)	161,800	1,338,123	-1.7%	2.0%	Eastbound Vehicle Volumes (000's)	10,621	76,549	2.1%	1.5%
Domestic	54,617	449,051	0.0%	4.3%	George Washington Bridge	4,722	33,339	4.8%	2.9%
International	107,183	889,072	-2.6%	0.9%	Lincoln Tunnel	1,660	12,479	1.0%	0.6%
Flights	117,336	848,504	1.2%	2.1%	Holland Tunnel	1,364	10,235	-2.4%	-0.7%
Domestic Air Carrier	81,247	598,128	0.9%	3.2%	Bayonne Bridge	160	1,431	-25.9%	-23.8%
International Air Carrier	27,676	197,038	-1.1%	0.2%	Goethals Bridge	1,343	9,540	1.9%	4.0%
General Aviation	8,413	53,338	12.6%	1.5%	Outerbridge Crossing	1,372	9,525	3.5%	2.8%
Paid Parked Cars	809,435	5,500,219	-0.5%	-2.6%	Eastbound Volumes by Vehicle Type (000's)				
Revenue AirTrain Passengers	879,000	5,962,689	2.2%	6.2%	Autos	9,740	69,778	1.9%	1.5%
					Trucks	623	4,794	6.5%	1.9%
					Buses	259	1,975	-1.5%	0.6%
FERRY OPERATIONS	Aug '15	YTD	Aug '15/'14	YTD '15/'14	PORT AUTHORITY PULSE	Jun '15	May '15	Change	
Passengers (000's)					(Seasonally Adjusted, 2010=100)				
New Jersey Ferries	805.3	5,383.2	2.6%	-0.6%	PA Pulse (Transportation Activity Index)	100.5	99.6	0.9%	
					PA Freight Pulse	98.3	96.6	1.8%	
					PA Passenger Pulse	102.7	102.6	0.1%	
PATH	Aug '15	YTD	Aug '15/'14	YTD '15/'14	U.S. TRANSPORT. SERVICES INDEX	Aug '15	Jul '15	Change	
Passengers (000's)	6,521.0	50,302.0	5.3%	2.8%	(Prelim., Seasonally Adj., 2000=100)				
Average Weekday	259.3	2,033.6	3.7%	2.3%	TSI - Combined Index	123.3	123.1	0.2%	
Average Saturday	119.5	890.9	14.3%	3.4%	TSI - Freight	123.5	123.2	0.2%	
Average Sunday	95.7	685.6	15.1%	4.5%	TSI - Passenger	122.6	122.6	0.0%	

TRANSPORTATION FOCUS

Average Daily Auto Traffic

All Port Authority Interstate Facilities



Port Authority facilities may be poised for their first year of positive yearly auto traffic growth since 2008. Over the last several years, average weekend auto traffic has been more resilient than average weekday traffic. However, in the last several months weekday traffic has seen positive traffic growth as well. The graphs illustrates the trend by showing the moving 12-month rolling average for both data series. The growth in average weekend and weekday traffic may indicate that regional traffic patterns are following again the national trend of rising vehicle-miles-travelled.

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