

MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

February 2015

UNEMPLOYMENT RATE (percent of labor force)	JAN 2015	PREVIOUS 3 MONTHS AVERAGE	JAN 2014
U.S. (seasonally adjusted)	5.7	5.7	6.6
U.S. (not seasonally adjusted)	6.1	5.5	7.0
UNEMPLOYMENT RATE (percent of labor force)	DEC 2014	PREVIOUS 3 MONTHS AVERAGE	DEC 2013
REGION (not seasonally adjusted)	6.3	7.4	6.6
NON-FARM EMPLOYMENT (thousands)	JAN 2015	PREVIOUS 3 MONTHS AVERAGE	% CHANGE JAN 2015 / JAN 2014
U.S.	140,849	140,232	2.3
REGION	N/A	8,654	N/A
Construction and Manufacturing	N/A	653	N/A
Financial / Professional / Business	N/A	2,137	N/A
Government	N/A	1,194	N/A
All Others	N/A	4,669	N/A
REAL GDP (percentage change)	2014Q4	2014Q3	2014Q2
U.S. (seasonally adjusted at annual rates)	2.2	5.0	4.6
REGION (Oxford Economics Estimate)	2.8	3.4	3.6
CONSUMER PRICE INDEX (percentage change)	JAN '15/ JAN '14	JAN '15/ DEC '14	DEC '14/ DEC '13
U. S.	-0.2	-0.7	0.7
Core	1.6	0.2	1.6
REGION	-0.5	0.1	0.3
Core	1.3	0.6	1.1
Food & Beverages	3.1	0.1	3.3
Housing	-0.1	0.6	1.0
Transportation	-8.5	-3.4	-5.9
Energy	-23.2	-5.2	-12.9
CONSTRUCTION COST INDEX (percentage change)	JAN '15/ JAN '14	JAN '15/ DEC '14	DEC '14/ DEC '13
U.S. 20-CITY	3.2	0.4	2.8
NY REGION	4.6	0.0	4.6
GASOLINE PRICES (US dollars per gallon)	JAN 2015	A month ago	A year ago
U.S. (all types NSA)	\$2.54	\$2.24	\$3.61
New York City (all types NSA)	\$2.76	\$2.67	\$3.93
Newark, NJ (all types NSA)	\$2.38	\$2.19	\$3.55
HOUSING PRICES (12-month percentage change)	DEC '14/ DEC '13	NOV '14/ NOV '13	OCT '14/ OCT '13
U.S. 20-CITY COMPOSITE	4.4	4.3	4.5
NY METROPOLITAN AREA	1.8	1.6	2.0
INTERNATIONAL TRADE (billions of dollars)	DEC 2014	% CHANGE VS. DEC 2013	% CHANGE YTD 2014 VS. 2013
U.S.	329.8	5.3	3.2
NY CUSTOMS DISTRICT	34.7	7.8	2.8
NY Imports	22.6	6.8	5.0
NY Exports	12.1	9.6	-1.0
MANHATTAN COMMERCIAL REAL ESTATE	JAN 2015	DEC 2014	NOV 2014
Availability (%)			
Manhattan Totals	9.5	9.4	9.7
Midtown	9.9	9.7	10.0
Downtown	9.8	10.0	10.3
Average Asking Rent (Class A Office APRket) (\$/square foot)			
Manhattan Totals	75.8	75.5	75.3
Midtown	83.1	83.1	82.7
Downtown	54.9	55.2	55.1
REGIONAL ECONOMIC FORECAST	2015	2016	2017
Real GRP (%)	2.8	2.5	2.9
Nonfarm Employment Growth (%)	1.6	0.7	0.7

SPECIAL FOCUS

At Last, Economy Hits the Gas

When looking back at 2014, one cannot resist calling it the year in which the economy finally picked up steam and delivered the results that had been expected much sooner following the financial crisis and Great Recession. US GDP grew by 2.4% for the year, a remarkable accomplishment considering the significant negative growth in the first quarter. But more significant were the gains in employment. In fact, net monthly employment gains averaged 336,000 during the last three months of the calendar year. The regional economy showed similar signs of health, delivering record employment gains in New York City yet again.

The recent collapse of crude oil and gasoline prices has been a major driver of recent domestic growth. These declines in energy prices, especially when sustained over several months, provide a strong stimulus to an economy, similar to a tax cut benefiting individual household budgets. Negative effects such as the job losses and reductions in capital expenditures in the energy sector affected some states more than others, but overall did not drag down growth of the national economy. In addition, consumer spending held up remarkably well, buoyed by low price inflation and some initial signs of rising wages.

In our baseline economic forecast, used for internal traffic modeling and agency analyses, we are projecting a continuation of positive trends throughout 2015. Due to slow and slowing growth in Europe and China, respectively, we expect lower energy prices to be sustained for a while longer with upward price pressures potentially appearing towards the middle of the year. At that point, some of the excess supply in global markets may disappear due to the shutdown of production equipment in the low price climate. As shown in the table below, we expect US GDP growth to average 2.6 percent for the year. Regionally, we forecast a similar level of growth due to the beneficial energy bounce. Our forecasts also call for continued strong employment growth for the regional economy particularly in New York City.

	Q1 2015	Q2 2015	Q3 2015	Q4 2015
US Real GDP (%)	2.9	2.7	2.5	2.5
US Employment(%)	1.7	1.5	1.4	1.2
US Employment Change in Ths (Average per month)	198	173	158	144
Regional Real GDP (%)	2.8	2.9	2.6	2.5
Regional Employment (%)	1.3	0.9	1.1	0.9

Forecast developed by PA Planning with Oxford Economics Global Model

There are a multitude of risks that may imperil our sunny economic outlook. Domestically, a further decline in oil prices may create bankruptcies and layoffs in parts of the energy sector. These may spread into other parts of the economy via supply chains and financial markets. The debt issued by many of the upstart energy firms engaged in fracking and oil exploration may be especially vulnerable. Nevertheless, it is unlikely that these effects will impact the economy sufficiently to overshadow the positive effects from low energy prices. The strengthening US dollar will add to import growth and reduce exports, putting a strain on overall domestic output growth. Internationally, geopolitical concerns among oil producing countries are growing because of their reliance on oil prices closer to \$100 per barrel to balance government budgets and sustain the social services promised to citizens. In addition, after many years of austerity and recession, Greece may be forced to exit the Eurozone after all. While many commentators do not view this as dramatic a step as several years ago, it may still inject significant uncertainty into financial markets.

In summary, our 2015 Q1 baseline forecast has significantly improved compared to older vintages. We view the US and regional economies as fairly resilient and, having emerged yet again as the world engine for economic growth, much depends on the path of the US expansion. If some of the income and wage gains continue to strengthen across the entire labor market, the expansion may gain further sustainability. In the following months, we will continue our study of the linkages of transportation performance and macroeconomic trends. We will report back to you with any findings that we believe deserve your attention.

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THE PORT AUTHORITY OF NY & NJ

February 2015

AVIATION	Dec '14	YTD	Dec '14/'13	YTD '14/'13
Revenue Passengers (000's)	9,949	116,119	3.6%	3.3%
John F. Kennedy International Airport (JFK)	4,442	53,254	3.4%	5.6%
LaGuardia Airport (LGA)	2,345	26,955	1.7%	1.0%
Newark Liberty International Airport (EWR)	3,137	35,600	5.5%	1.7%
Stewart International Airport (SWF)	24	309	-11.2%	-3.5%
Revenue Freight (Short Tons)	191,029	2,031,763	5.6%	1.2%
Domestic	72,501	677,957	6.1%	-3.2%
International	118,528	1,353,806	5.3%	3.5%
Flights	105,706	1,245,429	3.5%	-1.1%
Domestic Air Carrier	75,874	875,472	3.4%	-2.1%
International Air Carrier	24,534	291,678	5.6%	2.8%
General Aviation	5,298	78,279	-3.7%	-4.5%
Paid Parked Cars	660,507	8,291,355	-5.2%	-3.5%
Revenue AirTrain Passengers	758,863	8,548,099	-7.3%	1.9%

FERRY OPERATIONS	Dec '14	YTD	Dec '14/'13	YTD '14/'13
Passengers (000's)				
New Jersey Ferries	677	8,233	17.0%	6.1%

PATH	Dec '14	YTD	Dec '14/'13	YTD '14/'13
Passengers (000's)	6,079	73,649	3.3%	1.2%
Average Weekday	237	2,998	1.5%	2.2%
Average Saturday	117	1,296	-7.1%	-5.1%
Average Sunday	86	984	0.3%	-4.4%

PORT COMMERCE	Dec '14	YTD	Dec '14/'13	YTD '14/'13
Port Trade				
Container Imports (TEUs)	250,590	2,944,663	11.5%	6.7%
Container Exports (TEUs)	118,006	1,428,845	6.5%	-2.6%
Containers lifted on/off Express Rail	37,268	465,051	7.0%	9.2%

TUNNELS, BRIDGES & TERMINALS	Dec '14	YTD	Dec '14/'13	YTD '14/'13
Eastbound Vehicle Volumes (000's)	9,737	114,019	3.2%	-1.4%
George Washington Bridge	4,191	49,037	5.3%	-0.7%
Lincoln Tunnel	1,603	18,790	2.2%	0.2%
Holland Tunnel	1,331	15,571	-0.6%	-3.6%
Bayonne Bridge	233	2,778	-12.6%	-19.2%
Goethals Bridge	1,185	13,878	3.9%	-1.3%
Outerbridge Crossing	1,194	13,965	4.9%	0.7%

Eastbound Volumes by Vehicle Type (000's)	Dec '14	YTD	Dec '14/'13	YTD '14/'13
Autos	8,889	103,964	3.2%	-1.4%
Trucks	601	7,095	4.2%	-2.6%
Buses	248	2,959	2.9%	0.3%

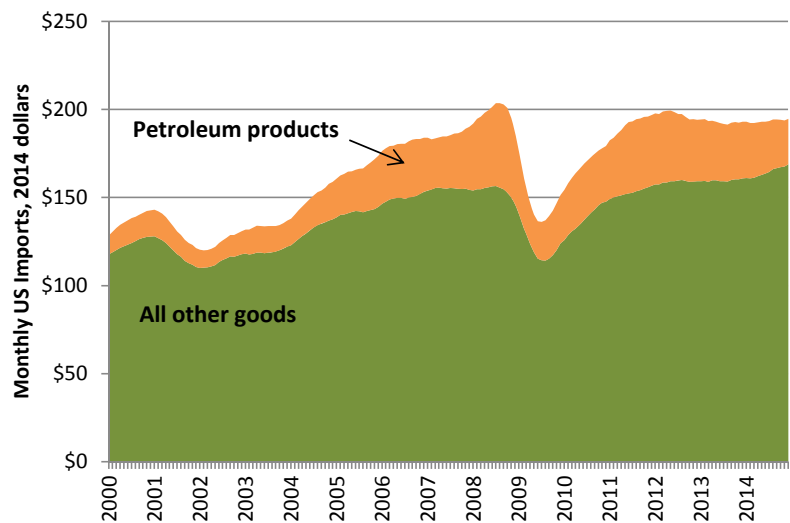
PORT AUTHORITY PULSE (Seasonally Adjusted, 2010=100)	Dec '14	Nov '14	Change
PA Pulse (Transportation Activity Index)	99.6	96.5	3.3%
PA Freight Pulse	97.6	94.3	3.5%
PA Passenger Pulse	101.7	98.6	3.1%

U.S. TRANSPORT. SERVICES INDEX (Prelim., Seasonally Adj., 2000=100)	Dec '14	Nov '14	Change
TSI - Combined Index	122.6	122.5	0.1%
TSI - Freight	123.8	123.9	-0.1%
TSI - Passenger	119.4	118.9	0.4%

TRANSPORTATION FOCUS

Recent numbers on US imports are an interesting case where top-level statistics can be misleading. Those numbers show that, when adjusted for inflation, imports of goods have been flat since 2012. This would seem counter-intuitive, given the US economy's recent strength. Looking beyond the headline numbers, we find that falling oil prices and growing domestic production have cut US dollar imports of oil and related products by 25 percent since 2012. At the same time, imports of all other goods have grown 4 percent to an all-time high. Even these figures understate recent growth in non-petroleum goods, as the dollar's growing strength means that the same amount of money can buy a greater volume of foreign goods. Looking ahead, the dollar's continued strength should translate into stronger growth for imports, on both a volume and dollar basis, as US consumers switch from US-produced goods to cheaper imports.

Falling Oil Prices Mask Rising US Goods Imports



Six month seasonally-adjusted moving average
Source: US Dept. of Commerce, Bureau of Economic Analysis

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