

MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

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THE PORT AUTHORITY OF NY & NJ

August 2019

The Resilient Port!

The Port of New York and New Jersey has seen strong growth in containerized trade in the first half of 2019. This statement is even more remarkable considering the ongoing “trade war” between the United States and China. Over the last months, the Trump administration has introduced several rounds of tariffs on a variety of products. Initially, such trade barriers only applied to washing machines and solar panels. Now, effectively all the goods imported from China and some selected countries have been targeted by tariffs. For the country overall, the result of such newly introduced trade barriers and macroeconomic factors in general has been the decline in the volume of trade. As reported by the Commerce Department, the trade deficit, or the difference between the dollar values of imports and exports, narrowed in recent months as imports between the US and the rest of the world slowed more than exports. This trend also exists in the deficit of merchandise trade with China, as reported by Bloomberg. But what has been the reason for our local port bucking the overall trend and continuing its growth path, now even being considered the second largest port in the country?

One of the reasons for the performance of our port is that imports from China, the main target of the imposed tariffs, have fallen but they have been replaced by goods imported from other countries in East and Southeast Asia such as Vietnam. In fact, imports from Vietnam over the first six months of 2019 are up by nearly 30 percent in volume terms based on information from Datamyne. Container volumes from India and South Korea are up by more than 11 percent. Since the share of imports from China is roughly equal to 30 percent for the Port of New York and New Jersey, compared to nearly double that share for ports on the West Coast, volumes have been less exposed to the

THE WATCHLIST

Economic Variables		Current - One Year Trend	
UNITED STATES		Aug 2018 - Aug 2019	
Real GDP [Annual Rate]	2019Q2	2.1%	
Unemployment Rate	Jul-19	3.7%	
Consumer Price Index [Annual]	Jul-19	1.8%	
Gasoline Price [Regular]	Jul-19	\$2.74	
PORT AUTHORITY REGION			
Regional Employment [NY MSA]	Jul-19	9,946	
Consumer Price Index [Annual]	Jul-19	1.7%	
Port District Exports [\$Bill]	Jun-19	\$11.70	
Port District Imports [\$Bill]	Jun-19	\$22.52	
Case-Shiller Home Price Index	Jun-19	1.2%	
Commercial Real Estate Asking Rent			
Midtown	2019Q2	\$81.69	
Downtown	2019Q2	\$67.88	

introduction of trade barriers. As a point of comparison, TEU volumes for the ports of Los Angeles and Long Beach are down a combined 5 percent for the first half of 2019.

It also appears to be the case that importers tried to stay ahead of the tariffs by shifting forward orders and requests for goods coming from China. Effectively, this has moved forward growth into the first half of the year that otherwise may occur in the second half of the year. Since historically the months of August and September are characterized by imports for the holiday shopping season, it will remain to be seen if volumes of containerized trade remain strong as the year and the “trade war” continue. If the shifting of orders already covered much of the end-of-year shopping volumes, then trade even at our local port might be flat going forward.

It is also true that the strong labor market in the Port region and other parts of the country finally has resulted in wage gains for households and individuals. Such high incomes affect the volume of trade positively and likely have slowed the otherwise expected fall in trade volumes and cross-country purchases.

Loaded Imports (measured in TEUs)						
Selected US Ports	2019		2018		Volume Change	
	January-June		January-June			
NEW YORK & NEW JERSEY	1,809,958	15.6	1,722,754	15.1	87,204	5.1
WEST COAST TOTAL	5,190,091	45	5,369,202	47	-179,111	-3.3
LOS ANGELES, CA	2,234,493	19.3	2,208,890	19.4	25,603	1.2
LONG BEACH, CA	1,776,182	15.3	2,000,199	17.6	-224,017	-11.2
OAKLAND, CA	467,130	4	448,261	3.9	18,869	4.2
TACOMA, WA	387,733	3.3	378,066	3.3	9,667	2.6
SEATTLE, WA	324,553	2.8	333,786	2.9	-9,233	-2.8
Total:	9,855,215	84.9	9,732,346	85.4	122,870	1.3

Source: Datamyne, 2019

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AVIATION	Jun '19	YTD	Jun '19/'18	YTD '19/'18	PORT	Jun '19	YTD	Jun '19/'18	YTD '19/'18
Revenue Passengers (000's)	12,666.7	68,221.7	-0.3%	2.9%	Port Trade				
John F. Kennedy International Airport (JFK)	5,708.0	30,465.5	0.5%	4.0%	Container Imports (TEUs)	301,708	1,846,062	-2.8%	5.0%
LaGuardia Airport (LGA)	2,800.3	15,013.1	1.4%	3.8%	Container Exports (TEUs)	122,663	741,518	-5.3%	-2.0%
Newark Liberty International Airport (EWR)	4,105.9	22,465.4	-2.1%	0.9%	Containers lifted on/off Express Rail	53,062	328,863	-3.0%	4.4%
Stewart International Airport (SWF)	52.6	277.7	-18.7%	-9.4%					
Revenue Freight (Short Tons)	182,523	1,091,089	-5.4%	-2.9%	TUNNELS, BRIDGES & TERMINALS	Jun '19	YTD	Jun '19/'18	YTD '19/'18
Domestic	71,540	424,760	6.7%	7.0%	Eastbound Vehicle Volumes (000's)	10,584	59,250	0.6%	1.8%
International	110,983	666,329	-11.9%	-6.7%	George Washington Bridge	4,505	25,137	-0.7%	0.6%
Flights	126,244	728,992	-3.8%	0.4%	Lincoln Tunnel	1,584	9,160	-2.9%	-1.7%
Domestic Air Carrier	77,736	462,804	-5.4%	0.4%	Holland Tunnel	1,330	7,597	2.5%	4.7%
International Air Carrier	27,328	151,017	0.4%	2.3%	Bayonne Bridge	302	1,460	-4.2%	1.2%
General Aviation	21,180	115,171	-3.0%	-1.8%	Goethals Bridge	1,553	8,600	11.4%	11.4%
Paid Parked Cars	605,051	3,161,555	-0.9%	-2.4%	Outerbridge Crossing	1,309	7,297	-5.1%	-2.1%
Revenue AirTrain Passengers	1,775,507	9,345,879	-1.9%	2.7%	Eastbound Volumes by Vehicle Type (000's)				
					Autos	9,721	54,105	1.1%	2.0%
					Trucks	617	3,689	-5.4%	0.5%
					Buses	246	1,456	-4.3%	-0.3%
FERRY OPERATIONS	Jun '19	YTD	Jun '19/'18	YTD '19/'18					
Passengers (000's)									
New Jersey Ferries	1,028.7	5,262.6	17.4%	18.6%					
PATH	Jun '19	YTD	Jun '19/'18	YTD '19/'18	U.S. TRANSPORT. SERVICES INDEX	Jun '19	May '19	Change	
Passengers (000's)	6,863.0	40,489.0	-3.4%	-0.5%	(Prelim., Seasonally Adj., 2000=100)				
Average Weekday	292.3	283.4	0.4%	1.3%	TSI - Combined Index	137.0	137.1	-0.1%	
Average Saturday	113.3	104.9	-5.5%	-8.3%	TSI - Freight	138.0	138.1	-0.1%	
Average Sunday	90.1	75.6	-8.4%	-8.8%	TSI - Passenger	134.8	135.0	-0.1%	

TRANSPORTATION FOCUS

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Lastly, the strength of the US currency also has allowed domestic buyers to purchase imported goods at relatively constant prices despite the introduced tariffs. In other words, some of the price increases in the form of tariffs have been compensated by the fall in local currencies. In the short term, these currency effects might have been able to balance out the otherwise higher prices and changes in relative competitiveness of imports for our Port Region.

In sum, the strong US economy has so far been able to weather most of the adverse direct impacts from higher tariffs on imported goods. Prices, as measured by the Consumer Price Index, are still growing at rates below 2 percent and show only little signs of picking up speed. While it is true that some of the tariffs have or will be passed on to US consumers, J.P.Morgan's expects the annual costs to be roughly \$1,000 per household, the overall effects are still relatively minor (except for businesses in agriculture that have been more directly affected by retaliatory policies by the Chinese government). Nevertheless, there are signs that the economy is slowing and the continuation of the "trade war" - and underlying uncertainty associated with the announcement and implementation of such policies - may contribute to that slowdown as it trickles through more industries and business sectors.



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