

MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

JANUARY 2012

UNEMPLOYMENT RATE (percent of labor force)	DEC 2011	PREVIOUS 3 MOS AVERAGE	DEC 2010
U.S. (seasonally adjusted)	8.5	8.9	9.4
U.S. (not seasonally adjusted)	8.3	8.5	9.1
Region (not seasonally adjusted)	8.2	8.3	8.1

NON-FARM EMPLOYMENT (thousands)	DEC 2011	PREVIOUS 3 MOS AVERAGE	% CHANGE DEC 2011 / DEC 2010
U.S.	131,900	131,596	1.3
REGION	8,121	8,055	0.6
Construction and Manufacturing	621	636	-1.7
FIRE / Professional / Business	1,993	1,993	1.2
Government	1,175	1,154	-1.2
All Others	4,333	4,272	1.2

REAL GDP (percentage change)	2011Q4	2011Q3	2011Q2
U.S. (seasonally adjusted at annual rates)	2.8	1.8	1.3
REGION (quarterly at annual rate)	3.3	2.4	1.8

CONSUMER PRICE INDEX (percentage change)	DEC '11 / DEC '10	DEC '11 / NOV '11	NOV '11 / NOV '10
U. S.	3.0	0.0	3.4
Core	2.2	0.1	2.2
REGION	2.7	-0.4	3.0
Core	2.4	-0.4	2.5
Food & Beverages	4.1	0.7	3.3
Housing	1.1	-0.3	1.7
Transportation	6.2	-1.0	8.6
Energy	2.4	-2.6	8.2

CONSTRUCTION COST INDEX (percentage change)	JAN '12/ JAN '11	JAN '12 / DEC '11	DEC '11/ DEC '10
U.S. 20-CITY	2.7	0.0	2.5
NY REGION	3.1	0.0	3.0

GASOLINE PRICES (US dollars per gallon)	Current	A month ago	A year ago
U.S. (all types NSA)	\$3.57	\$3.42	\$3.27
New York City (all types NSA)	\$3.96	\$3.76	\$3.61
Newark, NJ (all types NSA)	\$3.56	\$3.36	\$3.24

HOUSING PRICES ¹ (12-month percentage change)	NOV '11 / NOV '10	OCT '11 / OCT '10	SEP '11 / SEP '10
U.S. 20-CITY COMPOSITE	-3.7	-3.4	-3.5
NY METROPOLITAN AREA	-2.3	-2.3	-2.5

INTERNATIONAL TRADE (billions of dollars)	NOV 2011	% CHANGE VS. NOV 2010	% CHANGE YTD 2011 VS. 2010
U.S.	317.5	12.7	12.0
NY CUSTOMS DISTRICT	35.6	15.4	15.2
NY Imports	22.7	19.3	18.7
NY Exports	12.9	9.1	18.8

MANHATTAN COMMERCIAL REAL ESTATE (class A office market)	DEC 2011	NOV 2011	DEC 2010
Vacancy Rate			
OVERALL	9.9	9.9	11.3
Midtown	10.6	10.9	11.3
Downtown	8.6	8.3	12.1
Average Asking Rent (\$/square foot)			
OVERALL	64.1	64.0	57.5
Midtown	70.9	70.4	64.0
Downtown	42.5	42.6	41.9

REGIONAL ECONOMIC FORECASTS ²	2012	2013	2014
Real GDP (%)	2.0	2.2	2.8
Employment change (000's), Region	90	135	166

¹ Since the peak in June 2006, housing prices have fallen by 31.5 percent nationally and by 22.1 percent in the New York Region

² For optimistic and pessimistic alternative forecasts please contact the Planning and Regional Development Department.

Sources available upon request.

Contact: Alexander Heil, Chief Economist, aheil@panynj.gov

SPECIAL FOCUS

National & Regional Economic Forecasts

The Planning Department of the Port Authority of NY & NJ has a tradition of engaging in comprehensive transportation and economic development planning on behalf of its 18-county region and its many stakeholders. The assessment of the economic outlook for the region has always been a critical component. We have now added the technical capabilities to model macroeconomic conditions on a national and regional level to give decision-makers a better sense of the economic cycle and conditions. As of January 2012, we are distributing our forecasts based on Oxford Economics' Global Macro Model to a wider audience for the first time.

The Port Authority model covers not only regional and national economic conditions but also dozens of countries that are linked with each other through trade or investment relationships. By solving a complex set of econometric equations, the model forecasts and projects dozens of economic variables such as real output, employment, and consumer price trends in these various countries. Special emphasis is placed on the Port Authority region and the unique economic structure that can be found therein. The table below shows the current set of national and regional forecasts as of January 2012.

Economic Forecasts			
	2012	2013	2014
National			
Real GDP [%]	2.5	2.6	3.0
Unemployment Rate [%]	8.6	7.5	6.2
CPI-U [%]	2.3	2.4	1.8
Regional			
Real GDP [%]	2.0	2.2	2.8
Employment Growth [%]	1.1	1.7	2.0
Employment [000s]	8,063	8,198	8,364

Source: Oxford Economics Macro Model run by PA Economics Unit

Based on the current model specification and assumptions used, we expect modest economic growth of approximately 2.5 percent for 2012 and 2013. This will push down the US unemployment rate somewhat but not enough to recover most of the ground lost in the last recession. 2014 is expected to see a pick-up in economic activity accompanied by an improvement in the national labor market. On the regional level, the economy will trail national growth patterns slightly. We expect real output growth to average 2 percent for the next two years and then approach 3 percent by 2014. The acceleration of growth will improve hiring and job growth; the region is expected to recover the jobs lost since the early months of 2008, the beginning of the regional recession in the 18-county area, by 2014. Between 2012 and 2014, the region is projected to gain nearly 300,000 jobs.

Internationally, our projections call for the world economy to continue its current trajectory and grow between nearly 3 and 4 percent through 2015.

Continued on next page

MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

JANUARY 2012

AVIATION	Nov '11	Nov '10	PCT. CHANGE
Revenue Passengers (000's)	8,480.3	8,452.0	0.3%
John F. Kennedy International Airport (JFK)	3,696.6	3,745.7	-1.3%
LaGuardia Airport (LGA)	2,039.3	2,055.2	-0.8%
Newark Liberty International Airport (EWR)	2,711.1	2,620.5	3.5%
Stewart International Airport (SWF)	33.3	30.6	8.7%
Revenue Freight (Short Tons)	179,700	198,522	-9.5%
Flights	100,185	101,084	-0.9%
Domestic Air Carrier	73,933	74,742	-1.1%
International Air Carrier	20,868	20,363	2.5%
General Aviation	5,384	5,979	-10.0%
Ground Transportation			
Paid Parked Cars	732,372	700,606	4.5%
Revenue AirTrain Passengers	646,112	601,524	7.4%
FERRY OPERATIONS	Nov '11	Nov '10	PCT. CHANGE
Passengers (000's)			
New Jersey Ferries	647.9	626.1	3.5%
PATH	Nov '11	Nov '10	PCT. CHANGE
Passengers (000's)	6,377.0	6,181.0	3.2%
Average Weekday	264.1	255.9	3.2%
Average Saturday	123.2	120.0	2.7%
Average Sunday	95.5	90.0	6.1%
PORT COMMERCE	Nov '11	Nov '10	PCT. CHANGE
Port Trade			
Container Imports (TEUs)	226,040	214,830	5.2%
Container Exports (TEUs)	131,470	134,055	-1.9%
Containers lifted on/off Express Rail	32,780	32,369	1.3%
TUNNELS, BRIDGES & TERMINALS	Nov '11	Nov '10	PCT. CHANGE
Eastbound Vehicle Volumes (000's)	9,722	10,005	-2.8%
George Washington Bridge	4,101	4,221	-2.8%
Lincoln Tunnel	1,624	1,694	-4.1%
Holland Tunnel	1,360	1,412	-3.7%
Bayonne Bridge	291	297	-2.2%
Goethals Bridge	1,170	1,171	-0.1%
Outerbridge Crossing	1,176	1,210	-2.8%
Eastbound Volumes by Vehicle Type (000's)			
Autos	8,844	9,118	-3.0%
Trucks	630	626	0.6%
Buses	247	261	-5.2%
USDOT TRANSPORT. SERVICES INDEX (TSI)	Nov '11p	Oct '11p	PCT. CHANGE
U.S. - Seasonally Adjusted			
TSI - Freight	109.5	109.4	0.1%
TSI - Passenger	115.6	116.1	-0.5%

SPECIAL FOCUS (CONTINUED)

The most likely forecast based on the current model calibration calls for most of the growth to come from countries such as India and China (where we specifically see a hard landing of the economy as unlikely or at least not part of the baseline case). India in particular is expected to see an increase in real output growth to approximately 9 percent on average. Europe will go through many more challenges triggered and made worse by the Sovereign Debt crisis, and the Eurozone will likely experience a mild recession, or at least no real output growth, in 2012. In the UK, austerity measures have already slowed economic growth and we expect this to continue in 2012.

Economic Forecasts				
Real GDP Growth [%]				
	2012	2013	2014	2015
China	8.1	9.1	8.8	8.3
India	6.8	9.5	9.2	8.6
Brazil	3.1	5.0	4.5	4.2
UK	0.4	1.9	2.8	2.8
Eurozone	0.0	1.3	1.9	2.0
World	2.6	3.6	3.8	3.7

Source: Oxford Economics Macro Model run by PA Economics Unit

How do these forecasts compare to other macroeconomic forecasts? Overall, it is probably fair to say that the projections by the PA model fall in line with the consensus of forecasters captured by the Philadelphia Federal Reserve Bank in its survey. There are published forecasts that are clearly more or less optimistic, i.e. project real GDP growth rates of closer to 1.5% or nearly 3% in 2012. However, in the aggregate, a non-representative assessment of how the PA's estimates fall in line yields an acceptable level of comfort.

Over the course of the year, we will periodically update our forecasts to reflect changing economic conditions. As part of this process, we will include such updates in the Monthly Economic Indicators to inform our readers of any changes in the economic outlook as we see it. While national economic changes clearly affect the region's economy, there are also significant differences in the composition and structure of the region's economy. Hence, the main emphasis of our forecasting work will be placed on regional economic conditions as we perceive there to be a vacuum of quality forecasts that use a region such as the PA's 18-county region as its base.

Please do not hesitate to approach us with any questions that you might have about the referenced economic forecasts or any assumptions used in the modeling process. We look forward to an exchange of views and ideas with the objective of developing a better understanding of the health and economic development of the Port Authority region.

Port Authority of NY & NJ
Planning & Regional Development Department
233 Park Avenue South, 11th Floor
New York, NY 10003

Alexander Heil, Ph.D., Chief Economist; aheil@panynj.gov
Graciela Ramirez, Input-Output Modeling & Regional Economics
Mark Seaman, Cost-Benefit Analysis & World Economy
Huajing Shi, Ph.D., Transportation Indicators Page