MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

September 2013

UNEMPLOYMENT RATE (percent of labor force)	AUG 2013	PREVIOUS 3 MONTHS AVERAGE	AUG 2012
U.S. (seasonally adjusted)	7.3	7.5	8.1
U.S. (not seasonally adjusted)	7.3	7.6	8.2
REGION (not seasonally adjusted)	7.9	8.0	9.0

NON-FARM EMPLOYMENT (thousands)	AUG 2013	PREVIOUS 3 MONTHS AVERAGE	% CHANGE AUG 2013 / AUG 2012
U.S.	136,133	135,867	-0.6
REGION	8,418	8,468	2.5
Construction and Manufacturing	657	646	2.1
FIRE / Professional / Business	2,097	2,093	1.3
Government	1,147	1,191	2.9
All Others	4,517	4,538	3.0

REAL GDP (percentage change)	2013Q2	2013Q1	2012Q4
U.S. (seasonally adjusted at annual rates)	2.5	1.1	0.1
REGION (Oxford Economics Estimate)	2.9	1.8	0.3

CONSUMER PRICE INDEX (percentage change)	AUG '13 / AUG '12	AUG'13 / JUL '13	JUL '13 / JUL '12
U. S.	1.5	0.1	2.0
Core	1.8	0.1	1.7
REGION	1.7	0.1	2.1
Core	2.0	0.3	2.1
Food & Beverages	1.0	0.1	1.1
Housing	2.2	0.2	2.2
Transportation	1.6	-0.6	3.5
Energy	-0.2	-1.8	4.0

CONSTRUCTION COST INDEX (percentage change)	AUG '13 / AUG '12	AUG '13 / JUL'13	JUL '13 / JUL '12
U.S. 20-CITY	2.1	-0.1	2.4
NY REGION	0.1	0.0	5.1

GASOLINE PRICES (US dollars per gallon)	AUG 2013	A month ago	A year ago
U.S. (all types NSA)	$3.58	$3.76	$3.93
New York City (all types NSA)	$3.98	$4.12	$4.33
Newark, NJ (all types NSA)	$3.53	$3.68	$3.96

HOUSING PRICES (12-month percentage change)	JUL '13 / JUL '12	JUN '13 / JUN '12	MAY '13/ MAY '12
U.S. 20-CITY COMPOSITE	1.5	12.1	12.2
NY METROPOLITAN AREA	3.5	3.3	3.2

INTERNATIONAL TRADE (billions of dollars)	JUL 2013	% CHANGE VS. JUL 2012	% CHANGE YTD 2013 VS JUL 2012
U.S.	325.7	3.9	-0.2
NY CUSTOMS DISTRICT	36.0	3.3	-1.4
NY Imports	23.2	1.8	-1.7
NY Exports	12.8	6.1	-0.9

MANHATTAN COMMERCIAL REAL ESTATE	JUL 2013	JUN 2013	MAY 2013
Availability (%)			
Manhattan Totals	11.4	11.7	11.5
Midtown	11.4	11.8	11.6
Downtown	14.6	13.5	14.3
Average Asking Rent (Class A Office APRket) ($/square foot)			
Manhattan Totals	69.3	70.4	69.5
Midtown	77.6	77.8	77.2
Downtown	52.4	53.4	52.6

REGIONAL ECONOMIC FORECAST	2013	2014	2015
Real GDP (%)	1.9	2.5	3.0
Nonfarm Employment Growth (%)	1.1	1.1	1.6

Sources available upon request.

The views expressed herein are solely those of the authors and do not reflect the official positions of PANYNJ or its leadership.

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

SPECIAL FOCUS

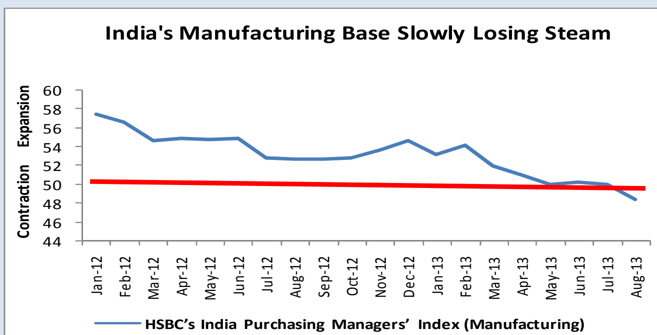
India's Manufacturing Sector Sputters

India, the United States's thirteenth largest trading partner by dollar value and the Port Authority's third largest import partner by volume, has recently seen its economic growth sputter, particularly its manufacturing base, due to a variety of domestic policy challenges. The country's recent economic struggles suggest that although the country has excelled in developing markets for its technology-oriented services, which account for over half of GDP, economic growth has been uneven, in part due to its lagging manufacturing sector, which accounts for 15 percent of GDP according to The World Bank.

Business got particularly rocky for Indian manufacturers this past summer. In August, HSBC's Purchasing Managers' Index for India's manufacturing sector dipped below 50, signaling a contraction in manufacturing production for the first time in over four years. The reasons behind the slowdown are numerous, but chief among them are gridlocked roads, inefficient ports, and government regulations that limit the ability of manufacturers to grow and cluster around suppliers. As demand for exports has declined, the rupee's value has declined considerably, falling 32 percent against the U.S. dollar since 2010. Textbook economics suggests that India's cheap exchange rate should bolster exports, but the country has in fact experienced declining productivity due in part to the structural impediments that have dampened demand. In 2012, India's GDP per employed person grew at 3.7 percent, its lowest rate in nearly a decade, according to The Conference Board.

India's slowdown is meaningful to the Port because the country has become an increasingly valuable partner to the Port in recent years, though the total volume of goods imported from India is still smaller than the volume from China or Italy—the Port's top two import origins by volume, respectively. From 2009 to 2010 only two vessel services connected the Port and India. Today, nine do. From August 2010 to August 2013, annual growth of containerized imports from India neared double-digits, rising from 87,000 in 2010 to 101,000 in 2013. The Port is positioned competitively to receive goods from India because freight arriving from South Asia is typically received on the East Coast of the U.S. via the Suez Canal rather than the West Coast via the Panama Canal, which receives most of the United States's imports from China. Unlike goods from China, which are driven by demand in the Port Authority region, imports from India are driven by nationwide demand. The top imports from India by volume are broadly used construction commodities, such as plaster and Belgian block.

India remains one of the pre-eminent emerging economies, having developed global niches in information technology services and software development, but a number of major structural reforms are necessary in order for the country to establish a strong growth rate in non-service sectors. To date, the flow of goods from India to the U.S., and the Port in particular, has grown at a steady rate. Whether or not this trend continues over the long-term is dependent in part on India's ability to overcome its current domestic woes and provide the manufacturing sector with the tools to grow.



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September 2013

AVIATION	Jul '13	Jul '12	Change
Revenue Passengers (000's)	**10,640.5**	**10,500.5**	**1.3%**
John F. Kennedy International Airport (JFK)	4,967.5	4,908.6	1.2%
LaGuardia Airport (LGA)	2,379.7	2,283.0	4.2%
Newark Liberty International Airport (EWR)	3,261.7	3,272.0	-0.3%
Stewart International Airport (SWF)	31.5	36.9	-14.5%
Revenue Freight (Short Tons)	**159,986**	**174,395**	**-8.3%**
Domestic	52,225	61,082	-14.5%
International	107,761	113,313	-4.9%
Flights	**109,448**	**108,028**	**1.3%**
Domestic Air Carrier	76,936	75,906	1.4%
International Air Carrier	26,572	26,309	1.0%
General Aviation	5,940	5,813	2.2%
Paid Parked Cars	**831,028**	**851,253**	**-2.4%**
Revenue AirTrain Passengers	**759,017**	**714,814**	**6.2%**

FERRY OPERATIONS	Jul '13	Jul '12	Change
Passengers (000's)			
New Jersey Ferries	726.2	708.7	2.5%

PATH	Jul '13	Jul '12	Change
Passengers (000's)	**6,439.0**	**6,690.0**	**-3.8%**
Average Weekday	250.0	265.1	-5.7%
Average Saturday	115.0	124.5	-7.7%
Average Sunday	87.7	97.8	-10.3%

PORT COMMERCE	Jul '13	Jul '12	Change
Port Trade			
Container Imports (TEUs)	250,828	256,591	-2.2%
Container Exports (TEUs)	119,346	135,878	-12.2%
Containers lifted on/off Express Rail	34,863	40,357	-13.6%

TUNNELS, BRIDGES & TERMINALS	Jul '13	Jul '12	Change
Eastbound Vehicle Volumes (000's)	**10,245**	**10,193**	**0.5%**
George Washington Bridge	4,466	4,276	4.4%
Lincoln Tunnel	1,579	1,609	-1.9%
Holland Tunnel	1,403	1,421	-1.3%
Bayonne Bridge	299	299	-0.1%
Goethals Bridge	1,310	1,278	2.5%
Outerbridge Crossing	1,188	1,310	-9.3%
Eastbound Volumes by Vehicle Type (000's)			
Autos	9,348	9,321	0.3%
Trucks	634	617	2.8%
Buses	263	257	2.2%

PORT AUTHORITY PULSE (Seasonally Adjusted, 2010=100)	Jul '13	Jun '13	Change
PA Pulse (Transportation Activity Index)	95.1	95.8	-0.7%
PA Freight Pulse	92.2	92.7	-0.5%
PA Passenger Pulse	98.0	98.9	-0.8%

U.S. TRANSPORT. SERVICES INDEX (Prelim., Seasonally Adj., 2000=100)	Jul '13	Jun '13	Change
TSI - Combined Index	115.3	115.1	0.2%
TSI - Freight	114.3	114.0	0.3%
TSI - Passenger	117.9	117.7	0.2%

TRANSPORTATION FOCUS

A Dynamic but Elusive Travel Market

Long in decline, intercity buses have seen a significant revival since the late 1990s, when low-fare curbside services began to connect the Chinatowns of major cities in the Northeast. These routes quickly gained a following, soon reaching beyond the immigrant community and college students to a broader market. The mid-2000s saw the rapid rise of a curbside market in midtown, as new entrants lured customers with WiFi and other amenities. Well-capitalized legacy carriers joined this discount curbside market in 2008, with Stagecoach's launch of its Megabus brand in the U.S. and Greyhound and Peter Pan's launch of BoltBus, both based in Midtown. In the past two years, federal safety crackdowns shuttered several of the larger discount Chinatown operators, further shifting the balance of activity toward Midtown.

Unfortunately, there has been no data available to help trace the growth and evolution of this market, so its contribution to the overall intercity travel picture remains poorly understood. To address this, the Port Authority has conducted a scan of intercity bus operations each of the past three summers. This effort inventoried the schedules and operating locations of curbside bus services based on their websites and schedules posted on GotoBus.com. The survey day was a Friday in August, which should represent a 90-95th percentile day in activity levels. This method has limitations (e.g. it doesn't capture operators lacking an internet presence, or a single departure time served by multiple vehicles), but provides a reasonable snapshot of the market's scale and dynamics.

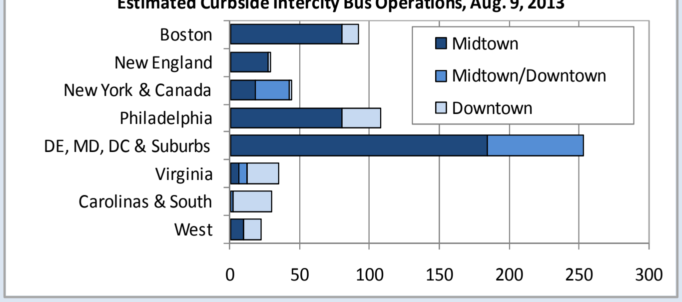
The graph below shows the estimated scheduled bus arrivals and departures from the most recent survey. In total, it captures 613 scheduled arrivals or departures from the Manhattan CBD. Of these, over 41 percent served the Delaware/Baltimore/Washington market. This is a very competitive market, with at least eight established operators. Most of these (BoltBus, DC2NY, Megabus, Tripper, and Vamoose) serve Midtown exclusively, while others (Eastern Travel/Hola Bus, Rockledge, and Washington Deluxe) stop in both Midtown and Chinatown on each run.

Boston and Philadelphia are each currently served by fewer than half of the curbside buses that serve the Baltimore/Washington market. Both have seen major carriers shuttered by federal safety crackdowns, leading to activity levels that are significantly lower downtown than they were a couple of years ago. But these downtown operations are beginning to bounce back, and will likely grow over the next year. Greyhound and Peter Pan are beginning to compete head-to-head with their downtown rivals for the Boston and Philadelphia markets through their new Yo! Bus brand. And two major Boston carriers (Fung Wah and Lucky Star) are petitioning USDOT to reinstate their licenses.

Longer-distance curbside operations serving locations further to the South and West tend to be concentrated in Chinatown rather than Midtown.

So far, operations outside the CBD have been limited. BoltBus has a small hub at Newark, and Megabus stops at Secaucus for its Northeast Corridor runs that skip Manhattan, and in Ridgewood, NJ along its NYC-Albany service. There are also some very small carriers that operate out of Upper Manhattan and Brooklyn. As NYC's new permitting regime for intercity buses enters into force, it should help bring additional clarity to the scope of the operations in the outer boroughs. The permits may actually entice operators to test new markets, since they will now know that any new terminal locations have the city's approval.

Estimated Curbside Intercity Bus Operations, Aug. 9, 2013



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
Andrew Liebowitz, Forecasting
Huajing Shi, Ph.D., Transportation Indicators Page
Bradley Egbert, Forecasting
Xiao Wang, Forecasting