Economic Outlook May 2011

Update on Regional Economic Trends

The Economics Division
Planning & Regional Development Department
The Port Authority of New York & New Jersey

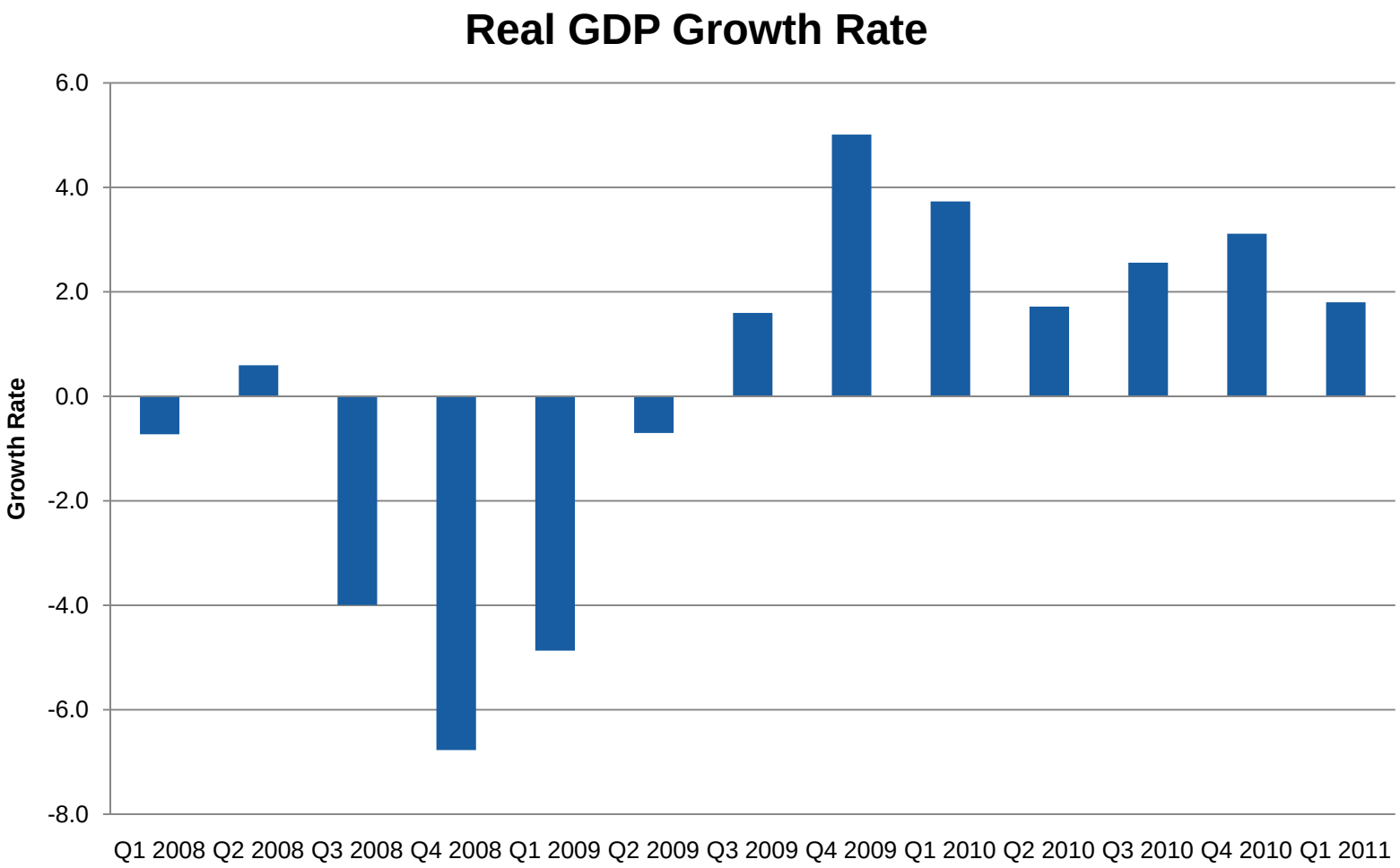
May 24, 2011

THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

Our Agenda for Today

- Status of the Economic Recovery
- Regional Economic Conditions
- Some big issues in 2011
- Q&A

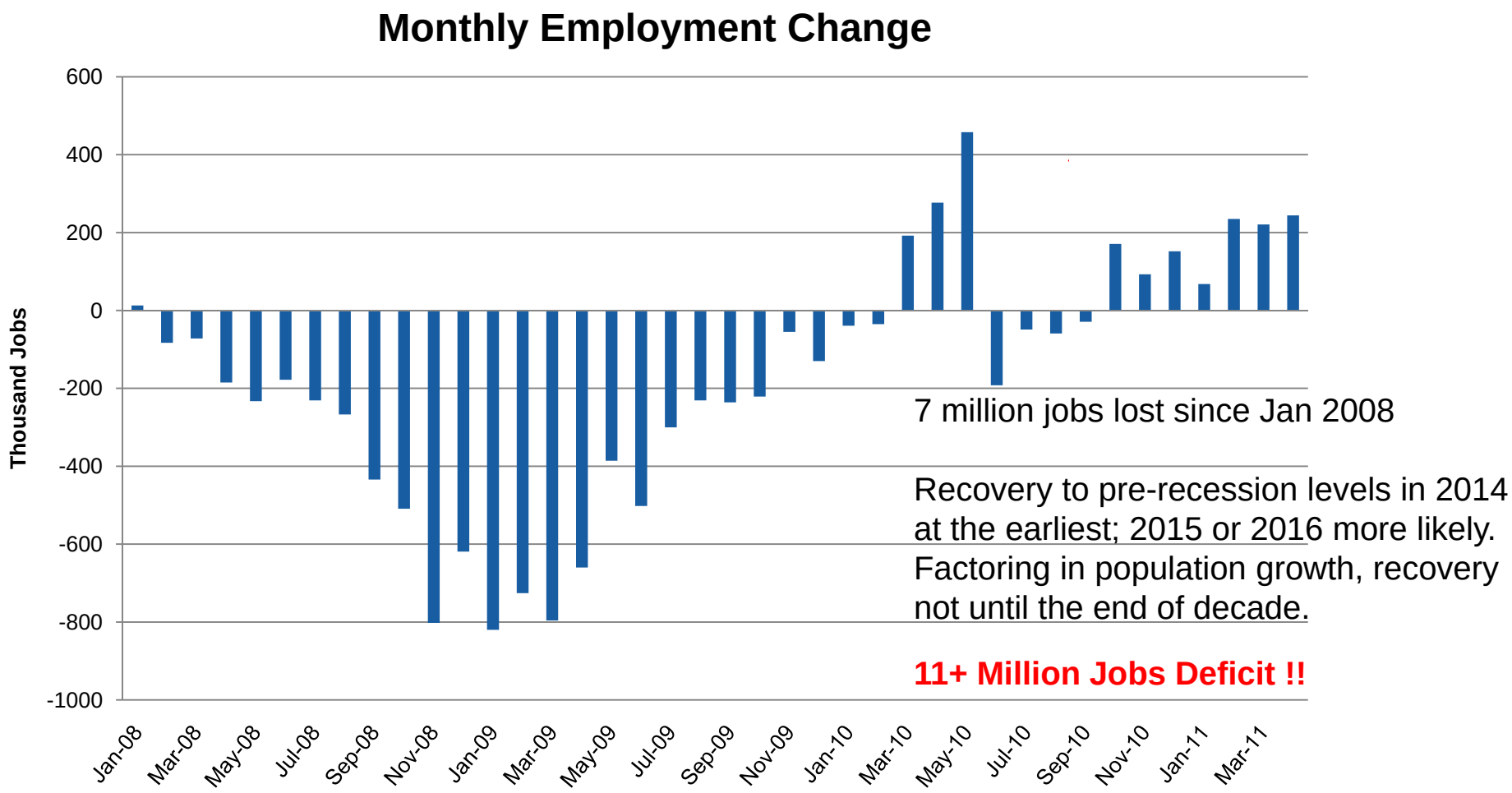
US Recession & Recovery



Source: BEA

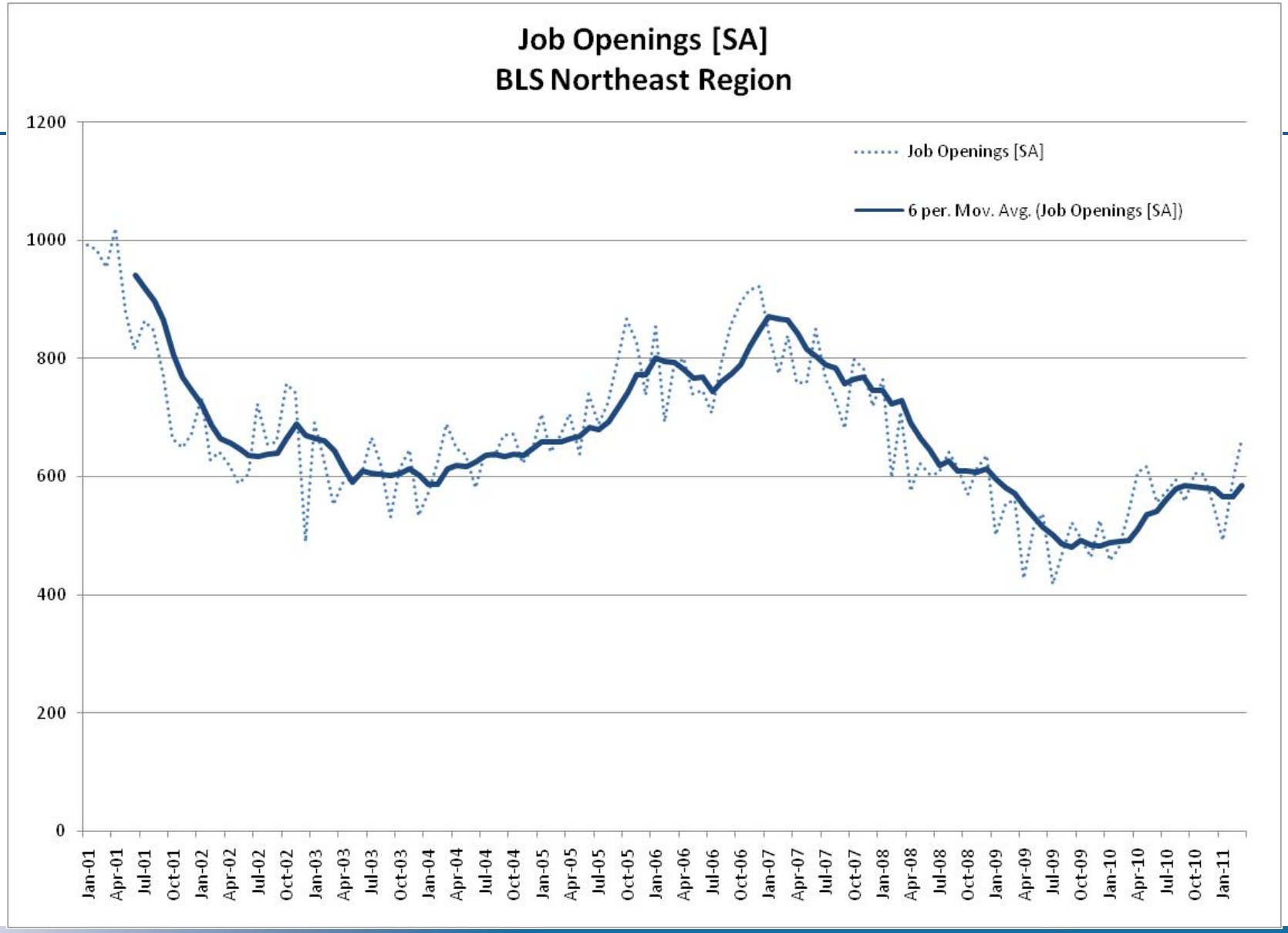
THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

Loss of Employment – How bad has it been?



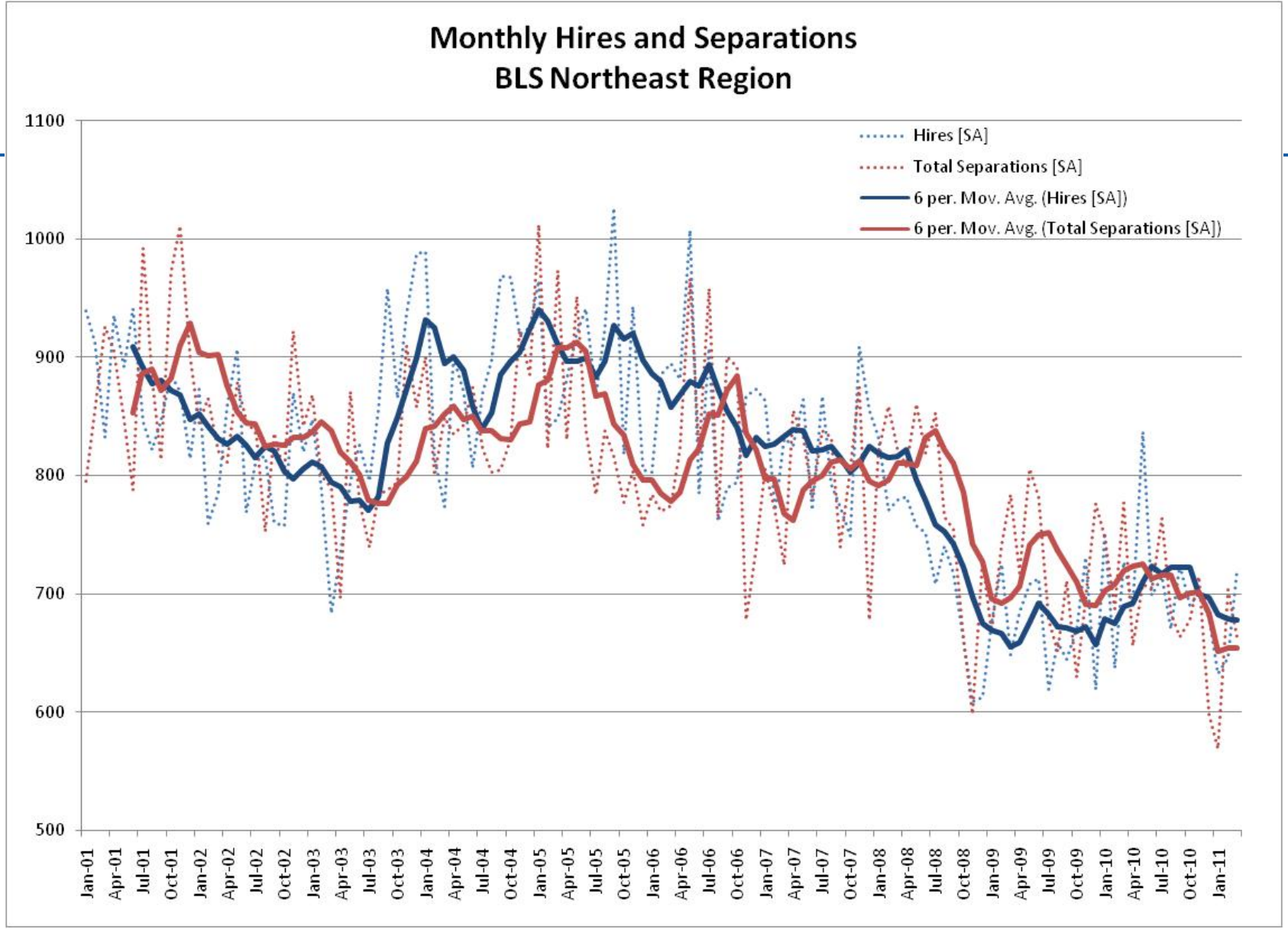
Source: BLS

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY



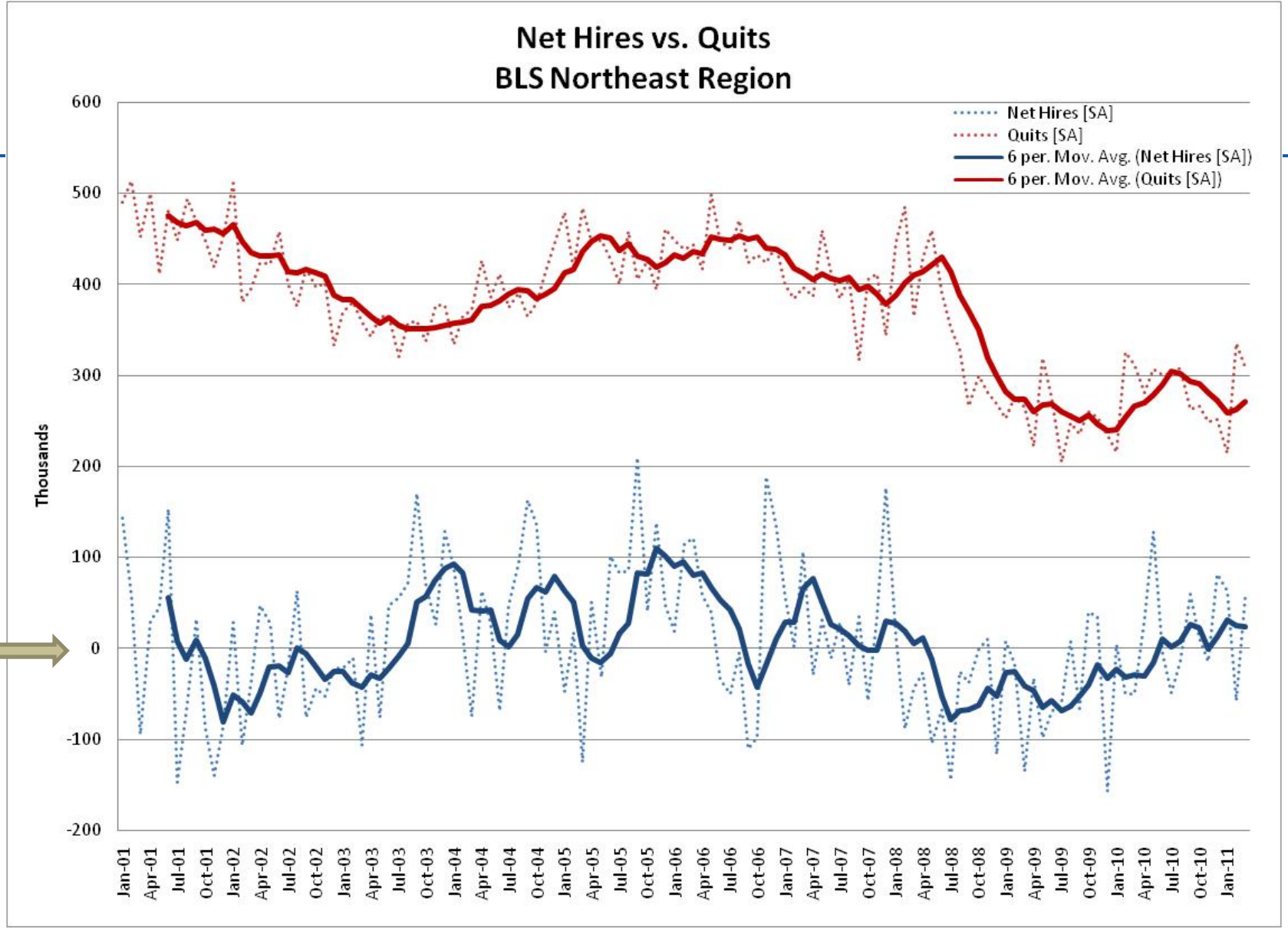
Source: BLS JOLTS Survey

THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY



Source: BLS JOLTS Survey

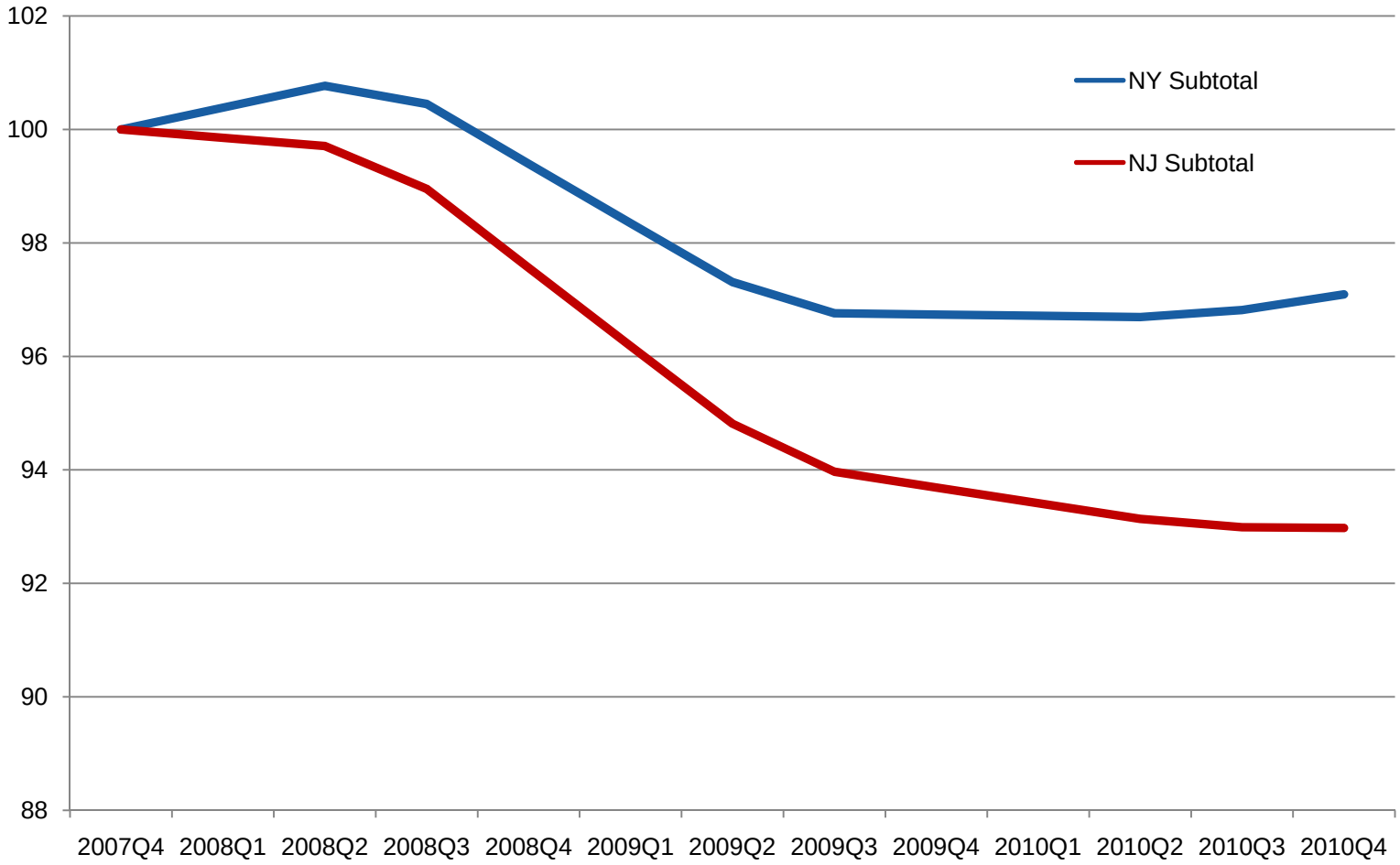
THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY



Source: BLS JOLTS Survey

THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

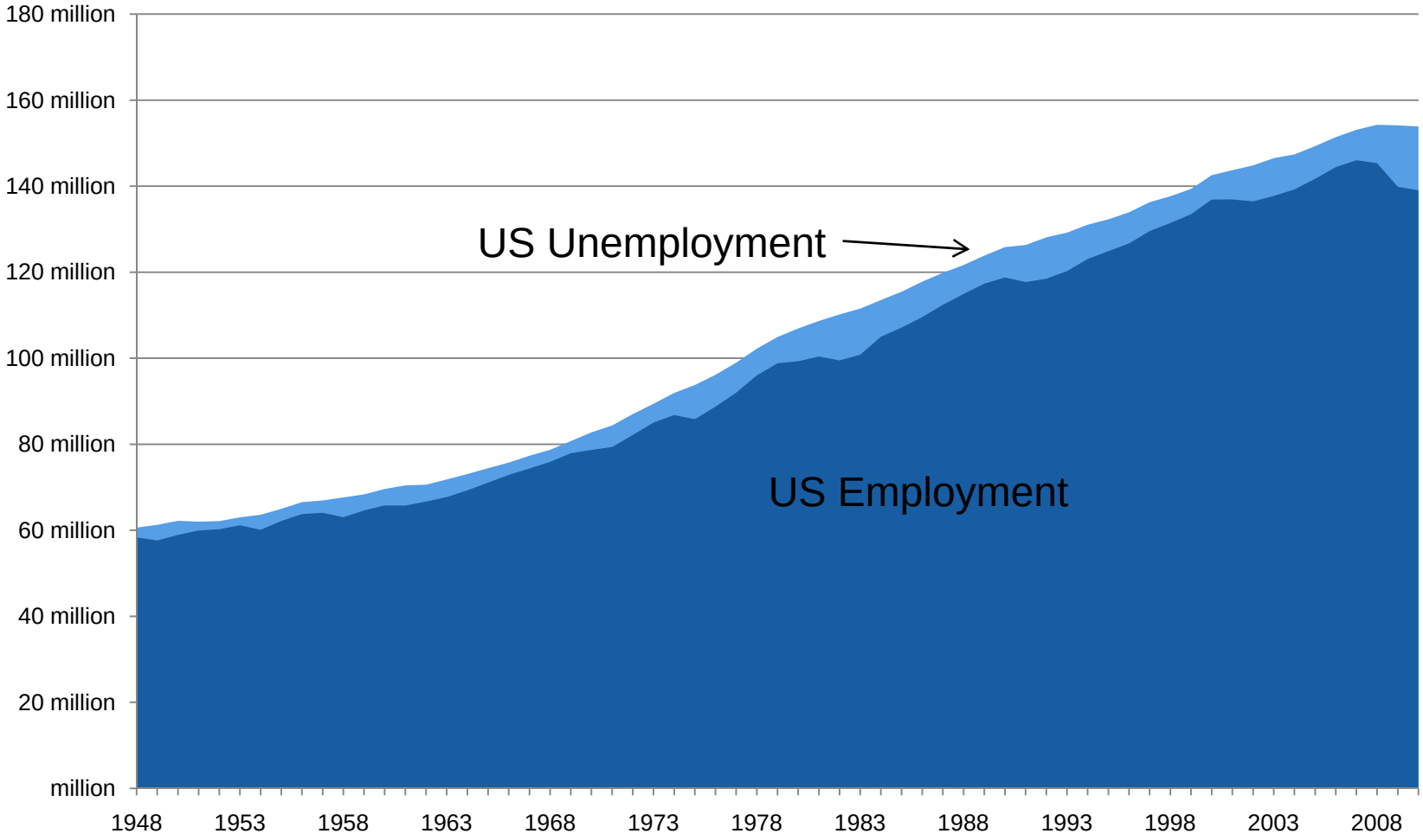
Regional Employment Index



Source: BLS, Moody's

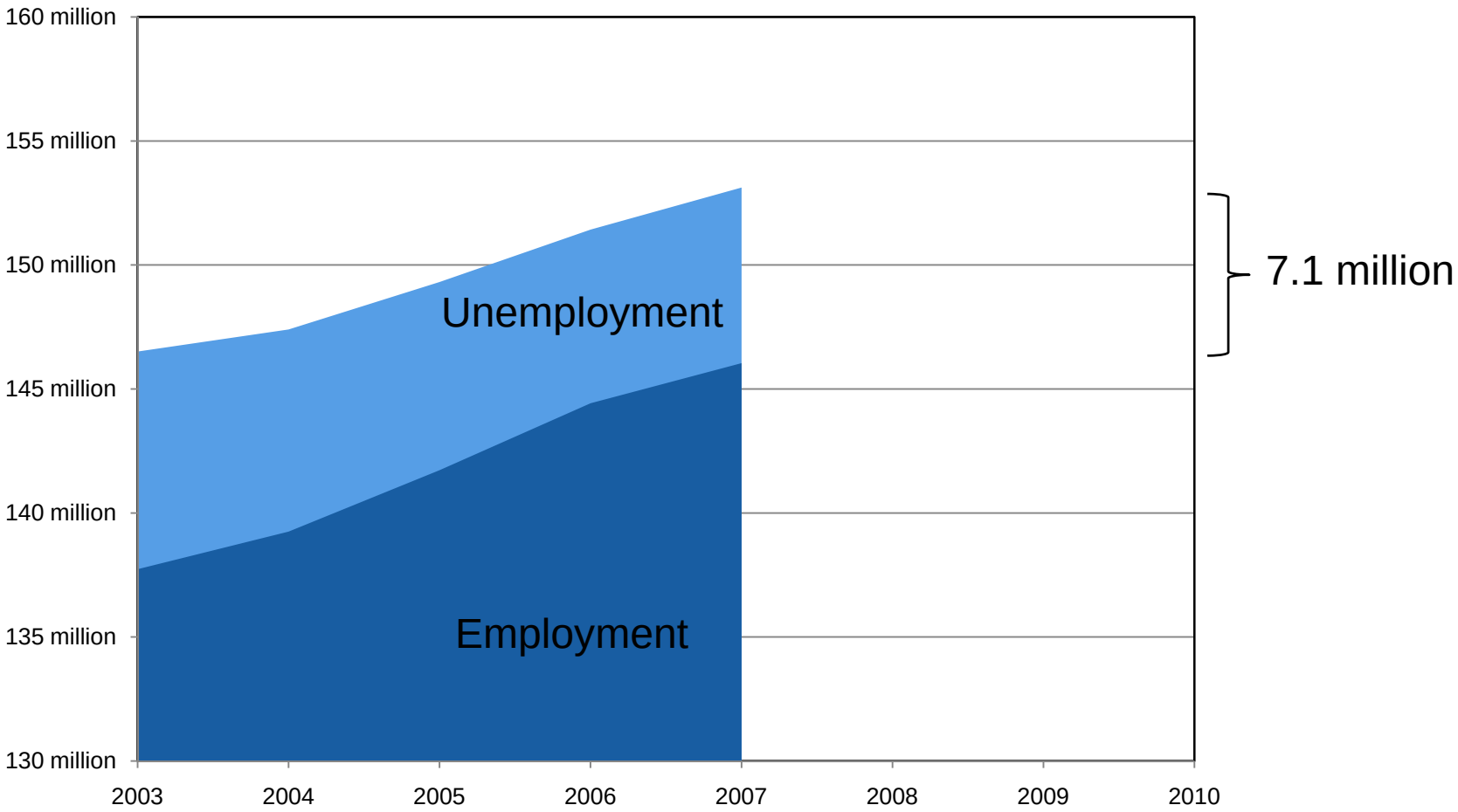
THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

National Job Losses During Recession

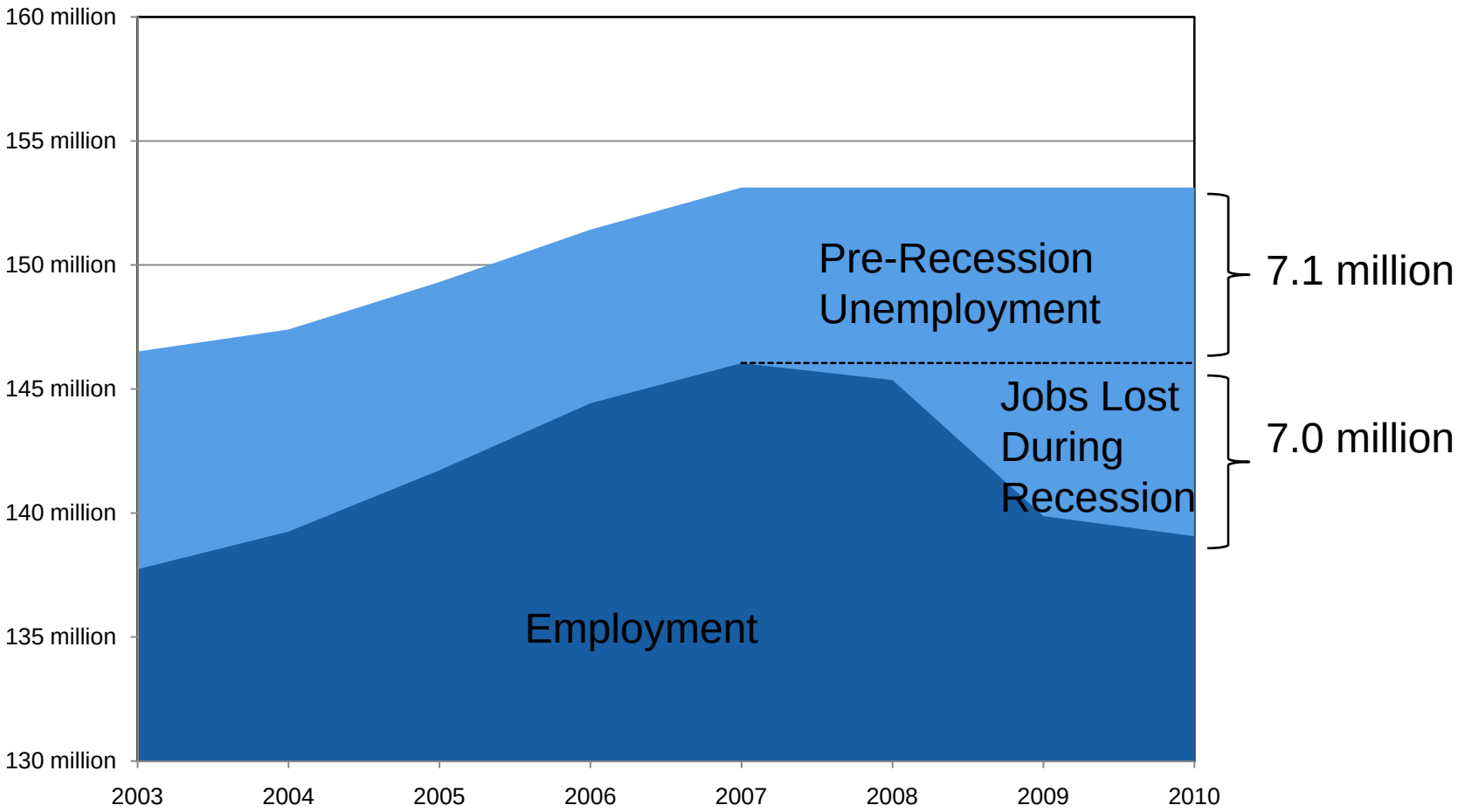


THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

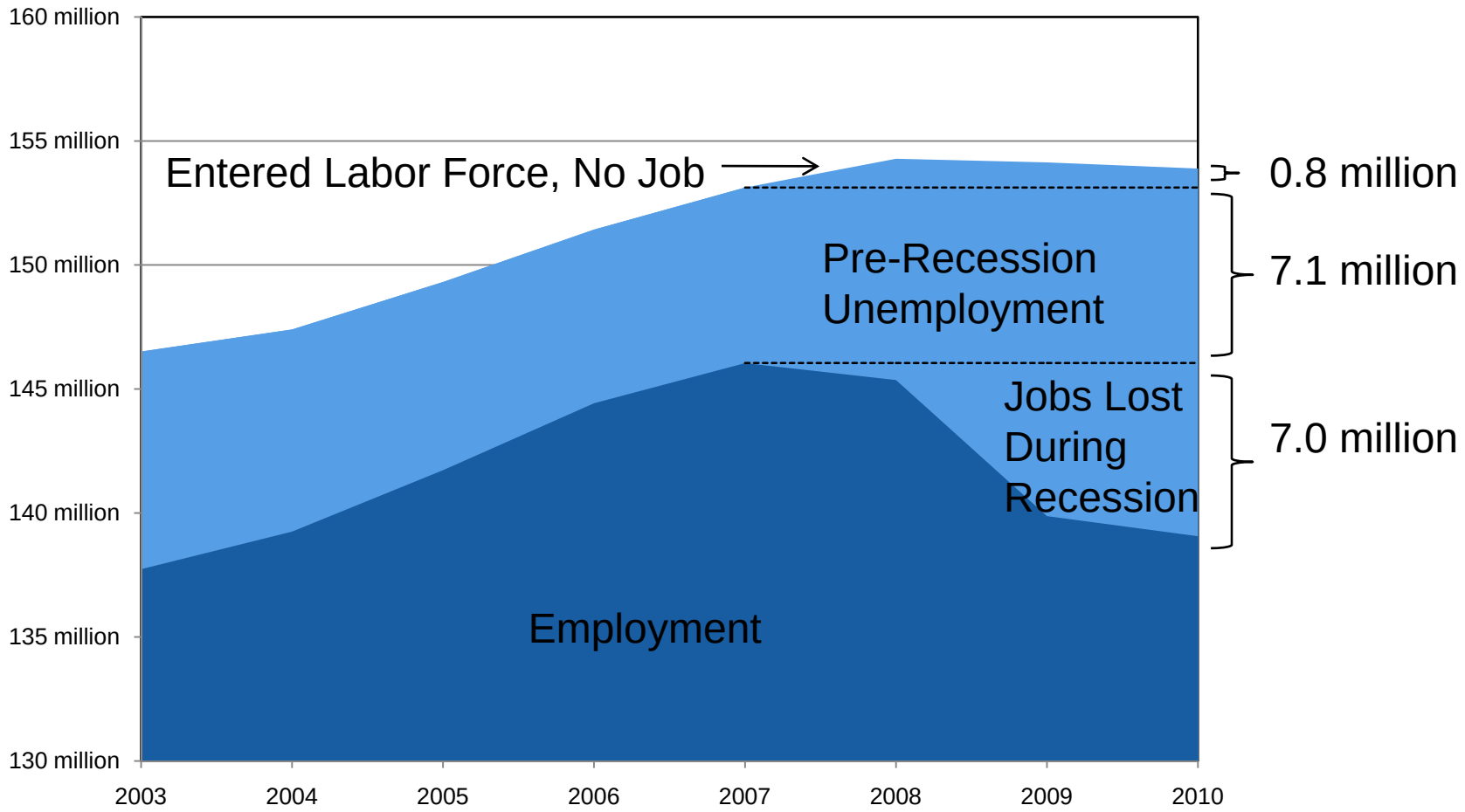
Recession Begins with Unemployment at 5%



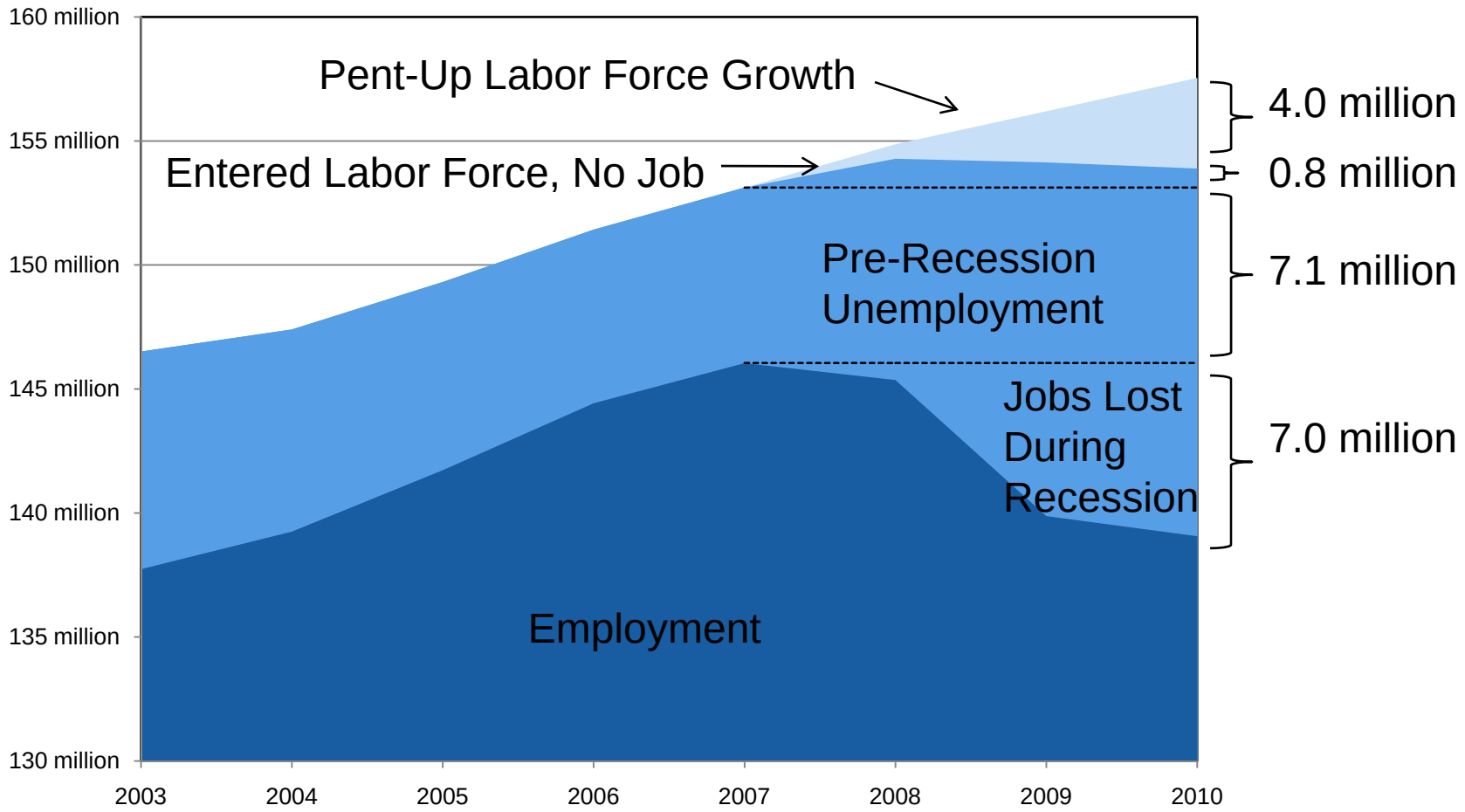
Recession Brings Huge Job Losses



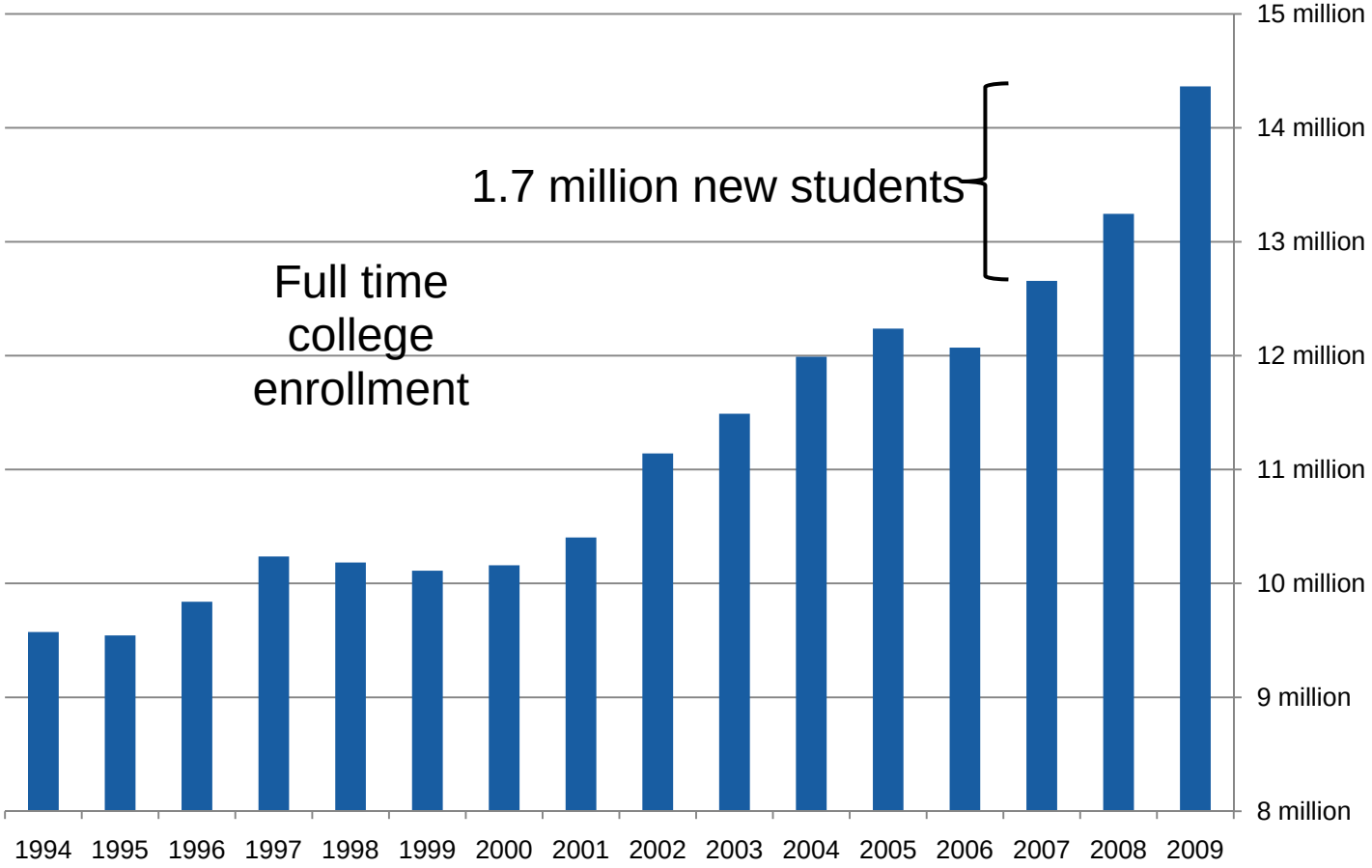
New Workers Can't Find Jobs



Many Leave or Don't Join the Labor Force

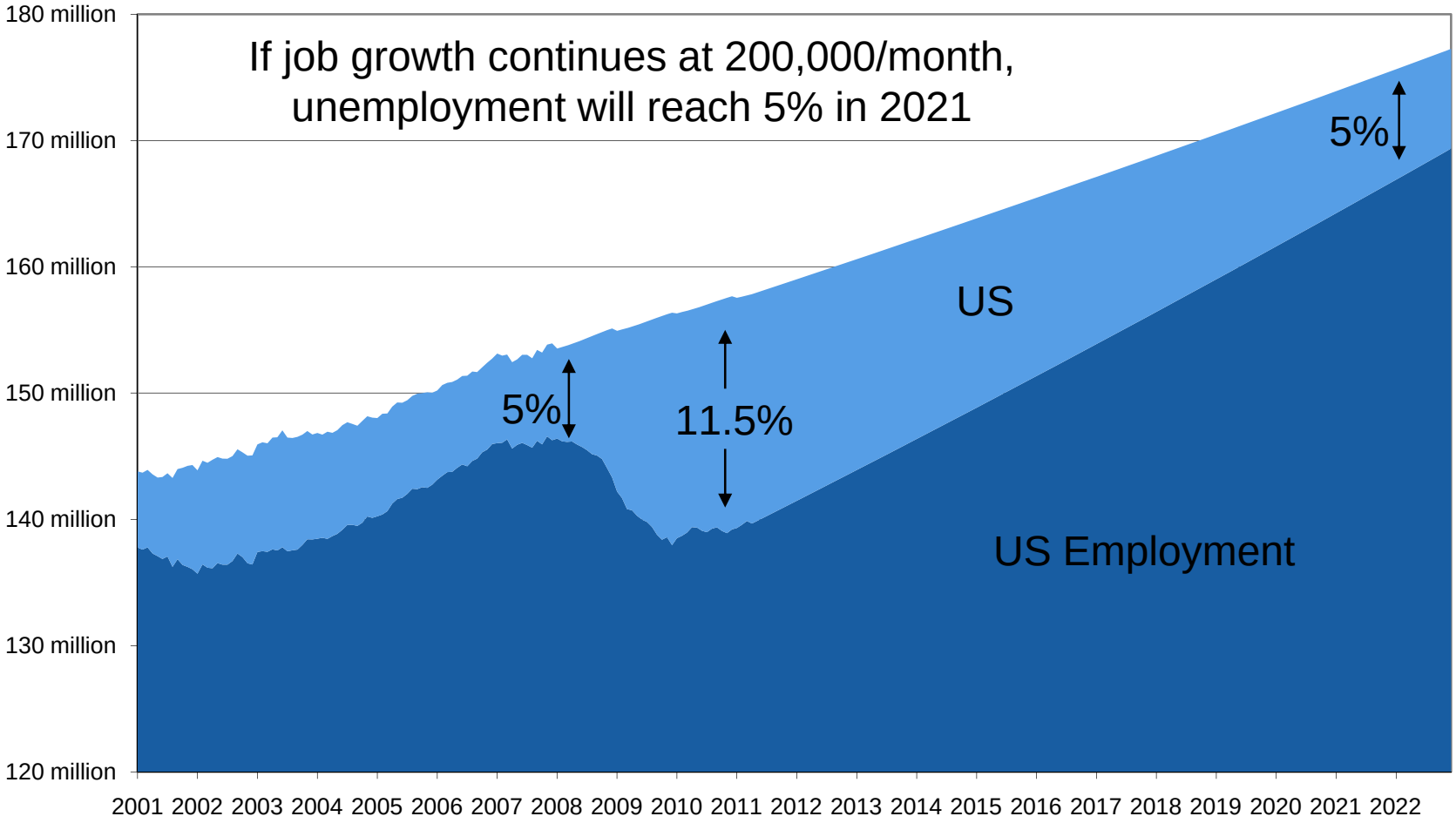


Hard Times Bring Soaring College Enrollment



THE PORT AUTHORITY OF NEW YORK & NEW JERSEY

Slow Job Growth = Long Recovery



THE PORT AUTHORITY OF NEW YORK & NEW JERSEY

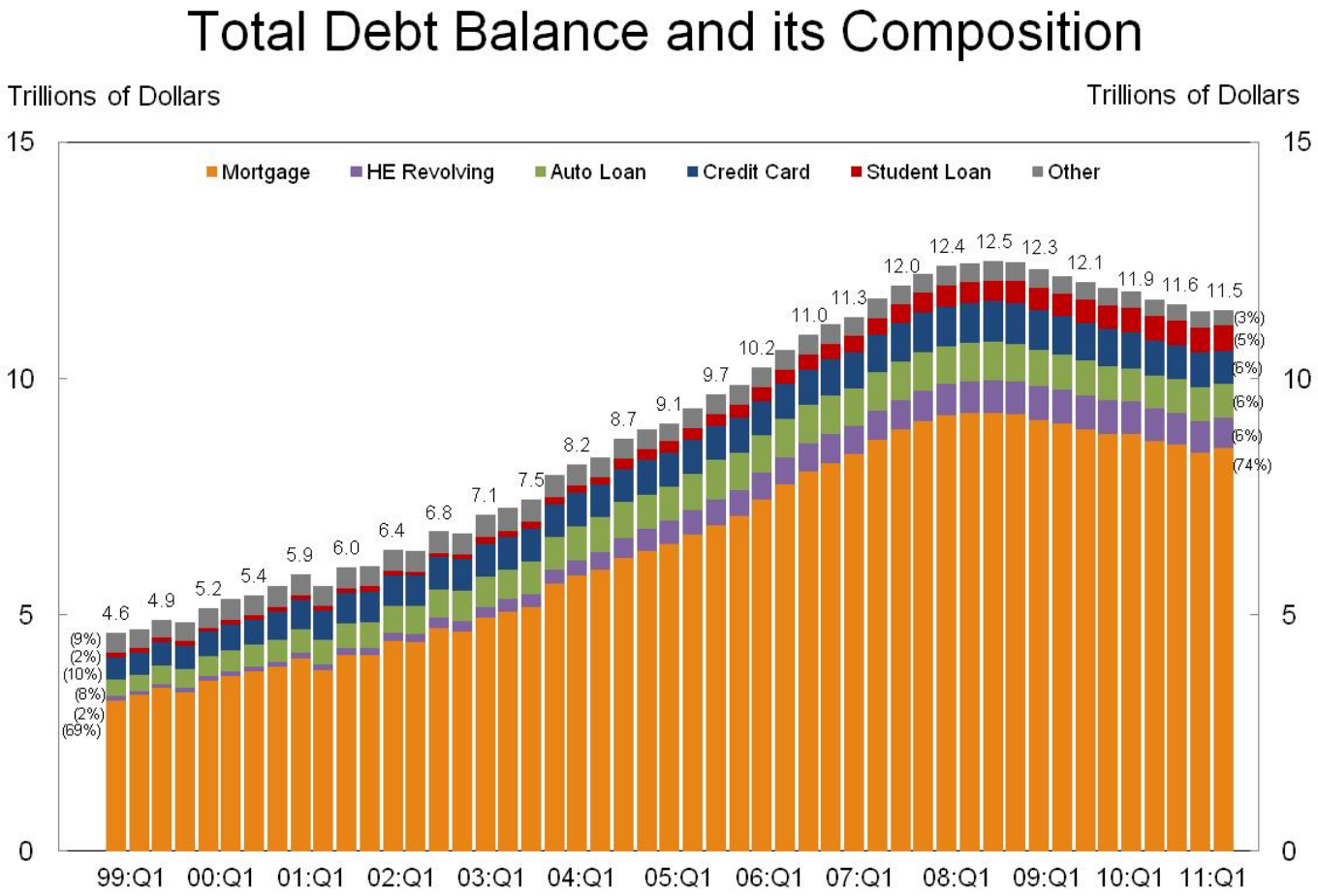
Current Economic Concerns

- *US Consumer Debt*
- *US Government Debt*
- *Housing Market*
- *European Debt/Currency Issues*
- *Oil & Commodity Prices*

Source: CoreLogic

THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

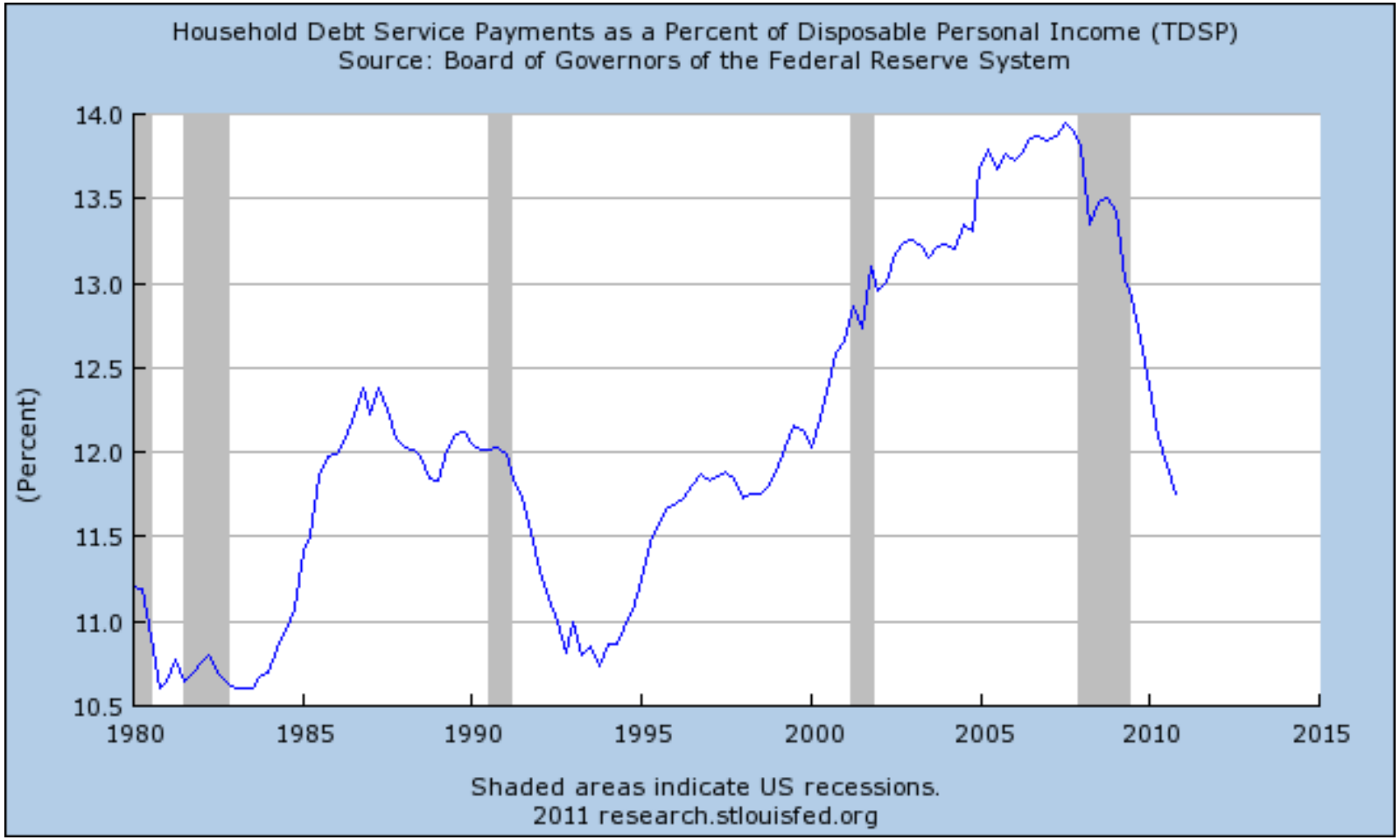
Total US Consumer Debt



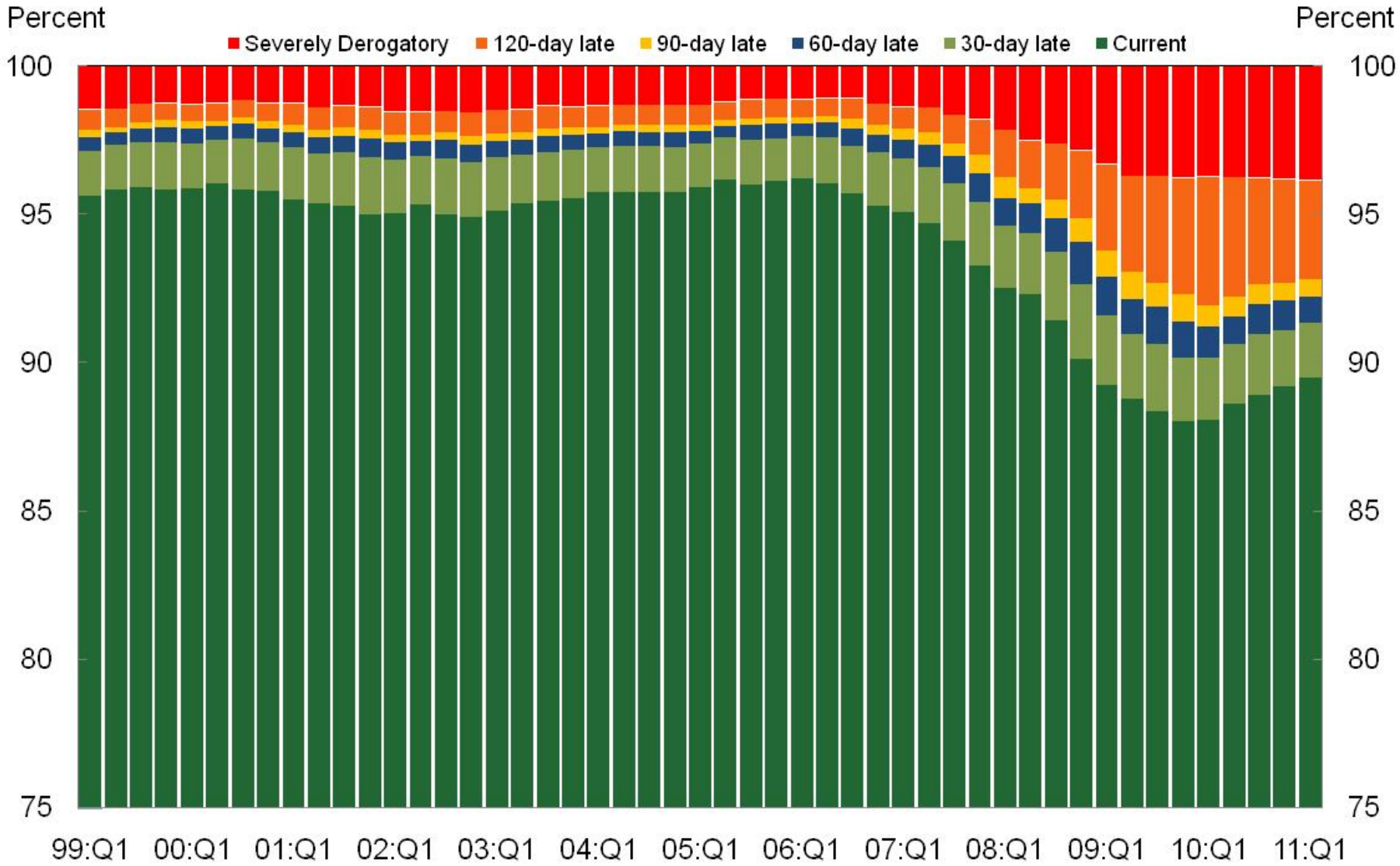
Source: FRBNY Consumer Credit Panel/Equifax

THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

Can Households afford the Debt?

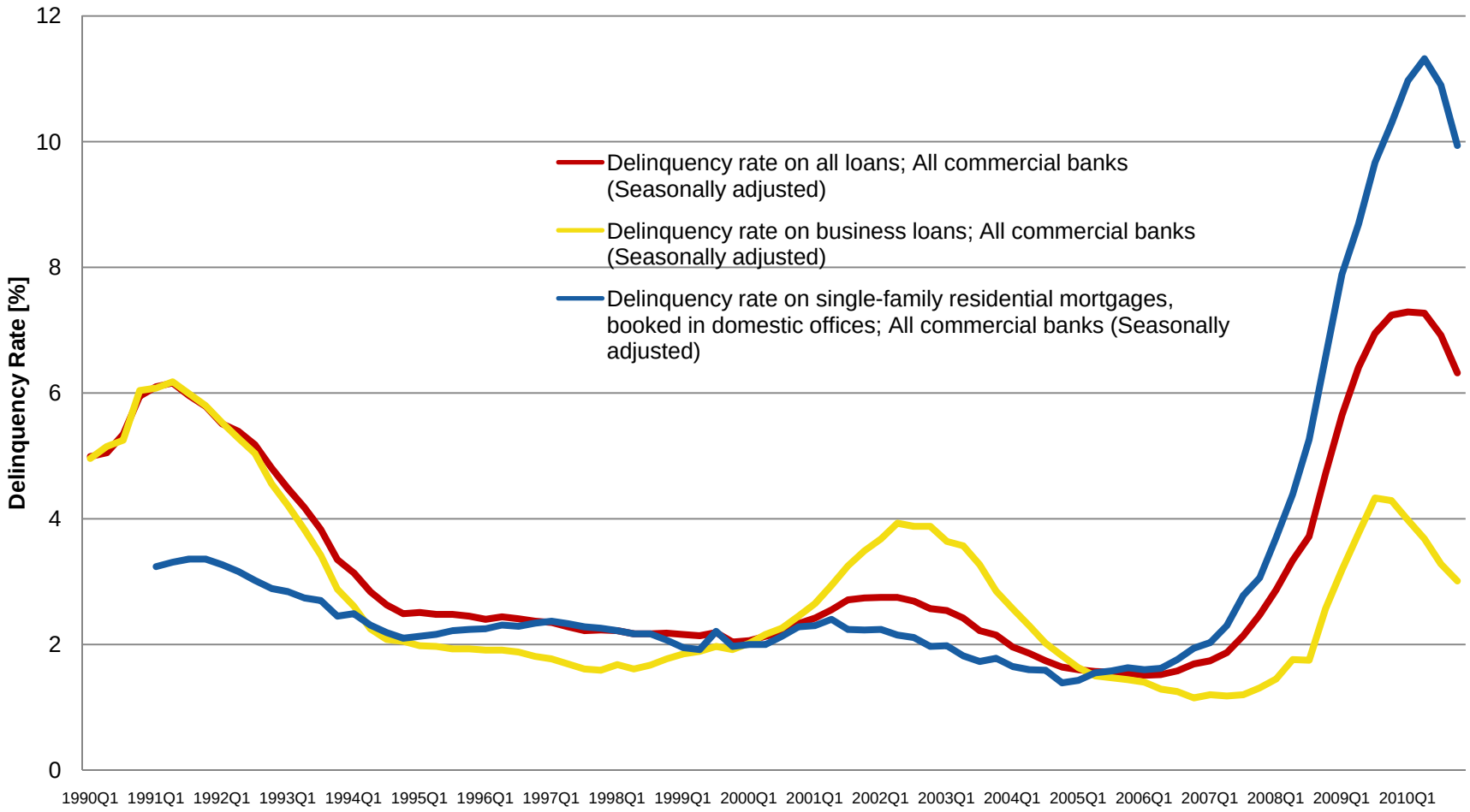


Total Balance by Delinquency Status



Source: FRBNY Consumer Credit Panel/Equifax

Delinquency Rates [US]



THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

Housing Snapshot

Nationwide:

- Case-Shiller Down 31% [Feb 2011]
- Shadow Inventory (pending supply) = 9 months of sales
- Negative Equity 20+%

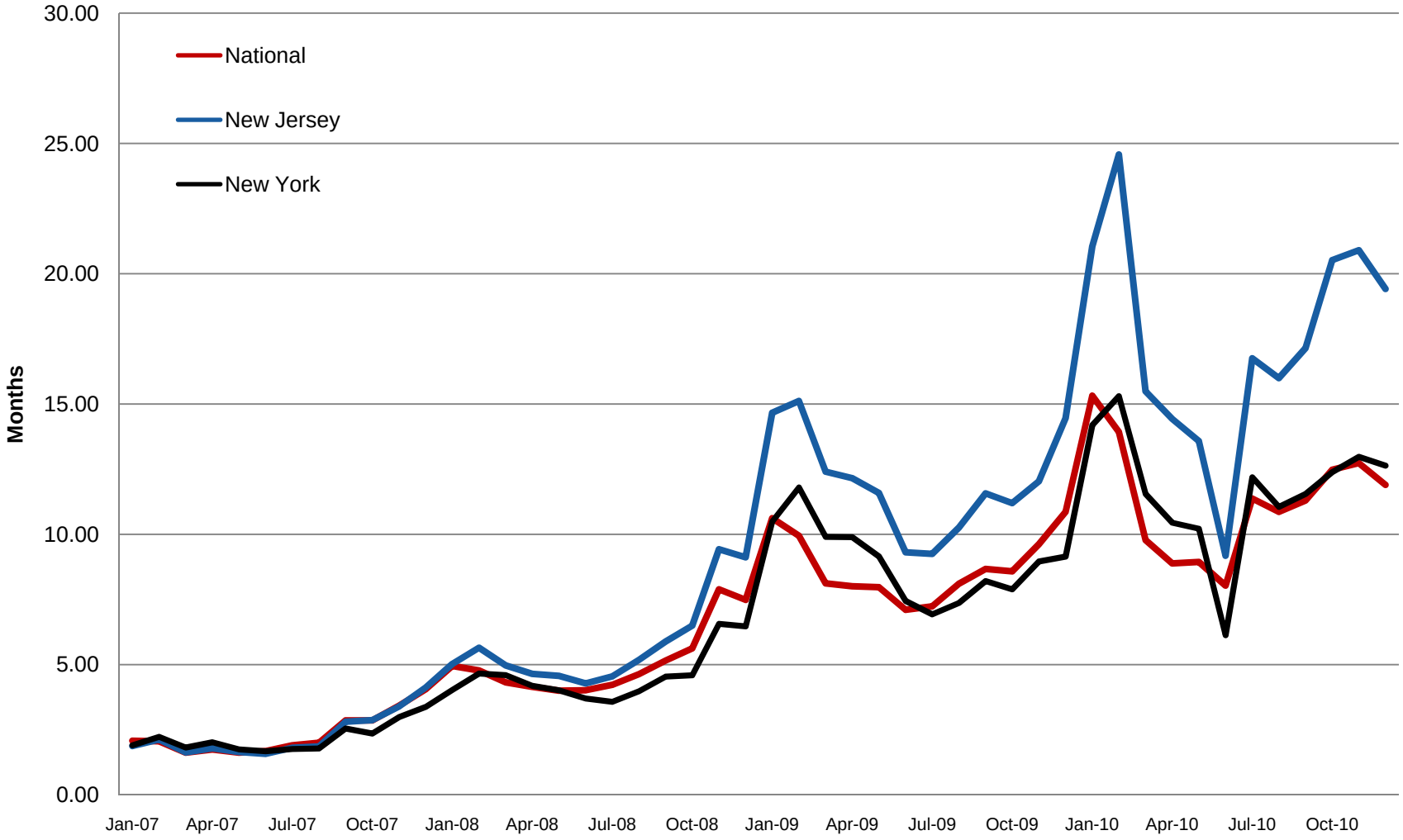
Regional:

- Distressed Homes
  - NY-NJ Metro averages 20+ months of supply
  - Among highest in US
- Negative Equity Share 11-12%

Source: CoreLogic

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY

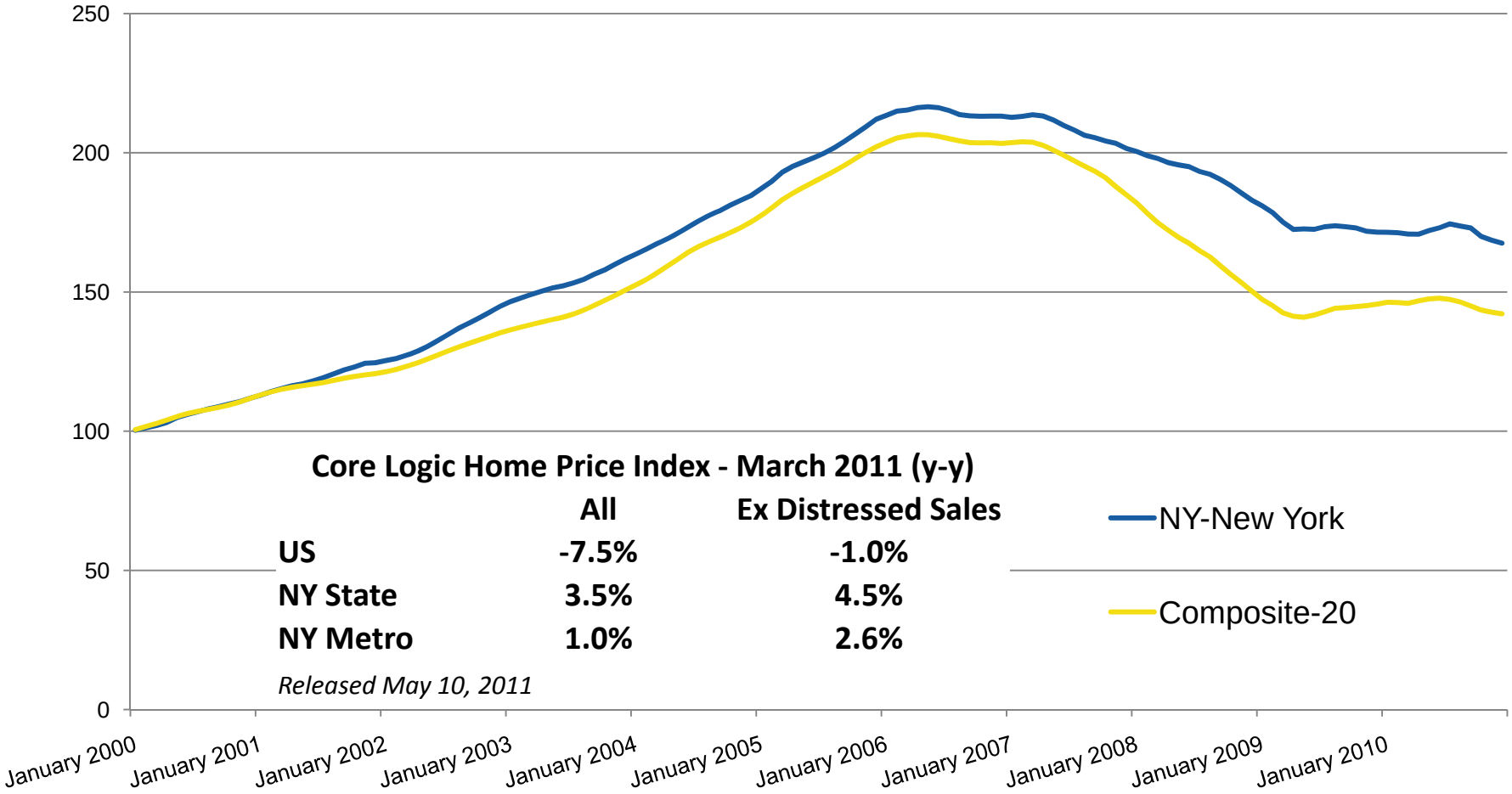
Month Supply of Distressed Homes



Source: CoreLogic

THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

Home prices trending downward



Core Logic Home Price Index - March 2011 (y-y)

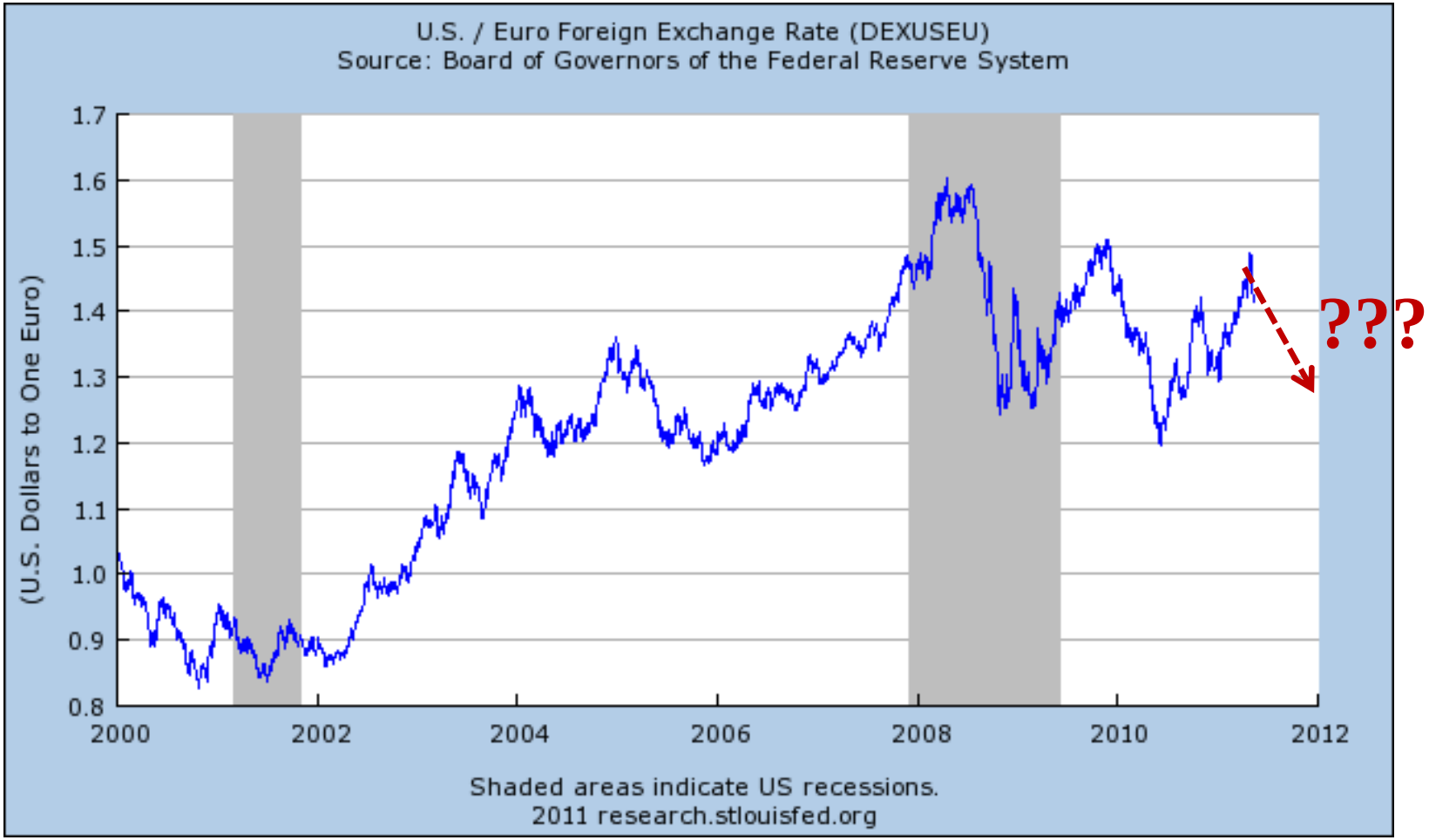
	All	Ex Distressed Sales
US	**-7.5%**	**-1.0%**
NY State	**3.5%**	**4.5%**
NY Metro	**1.0%**	**2.6%**

Released May 10, 2011

Source: S&P Case-Shiller Home Price Index

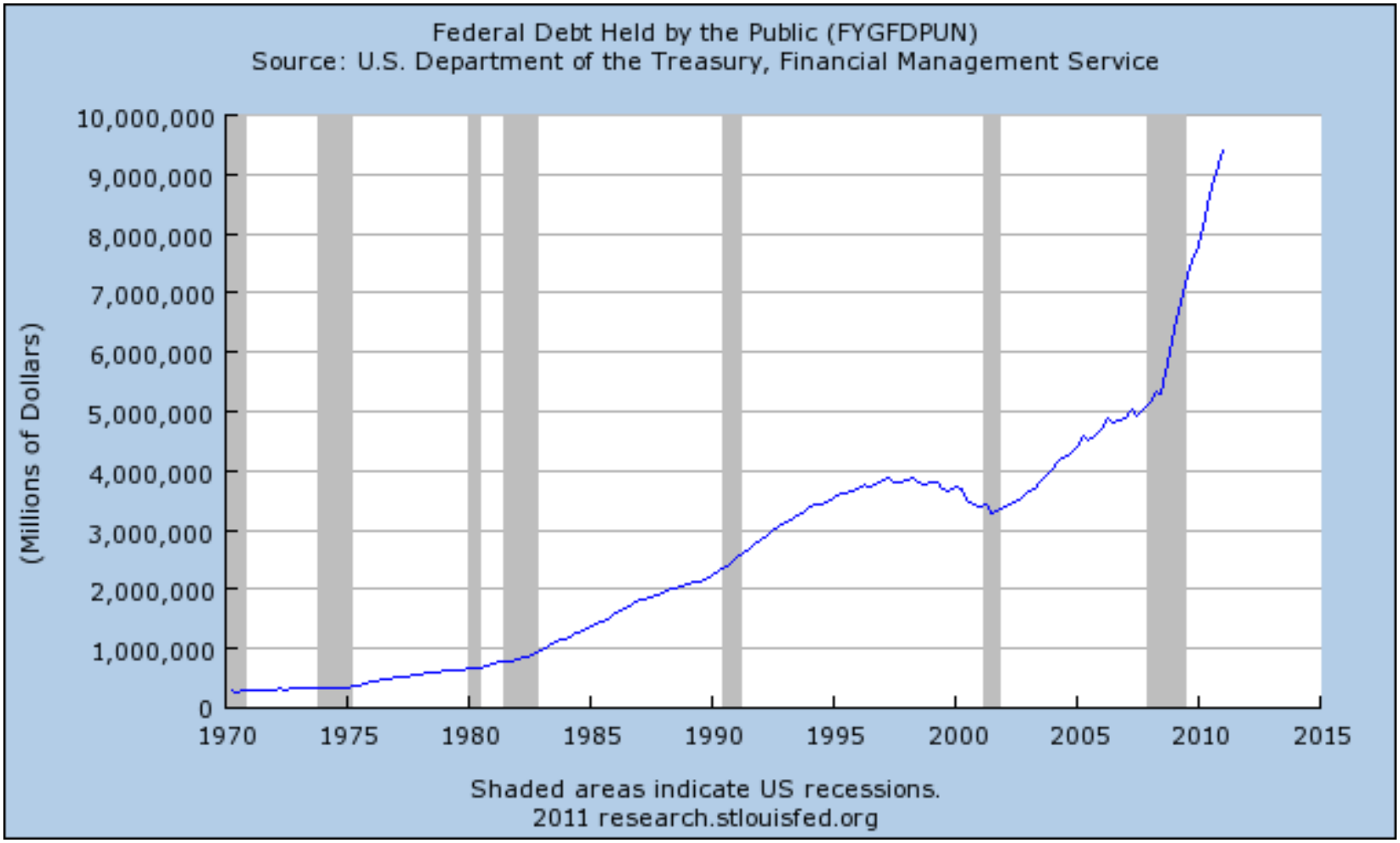
THE PORT AUTHORITY OF NEW YORK & NEW JERSEY

US-Euro Exchange Rate

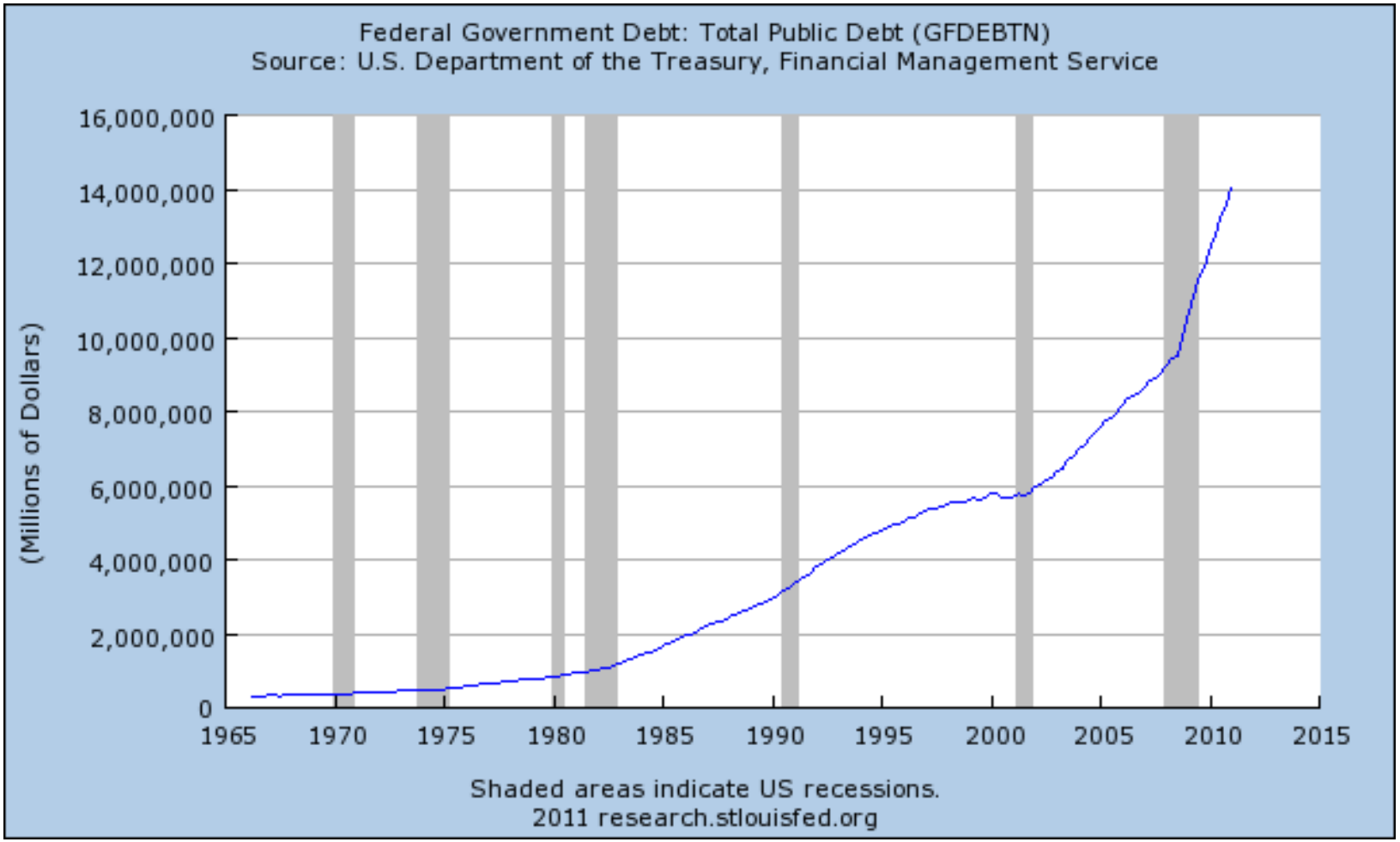


THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

Federal Debt Held by Public

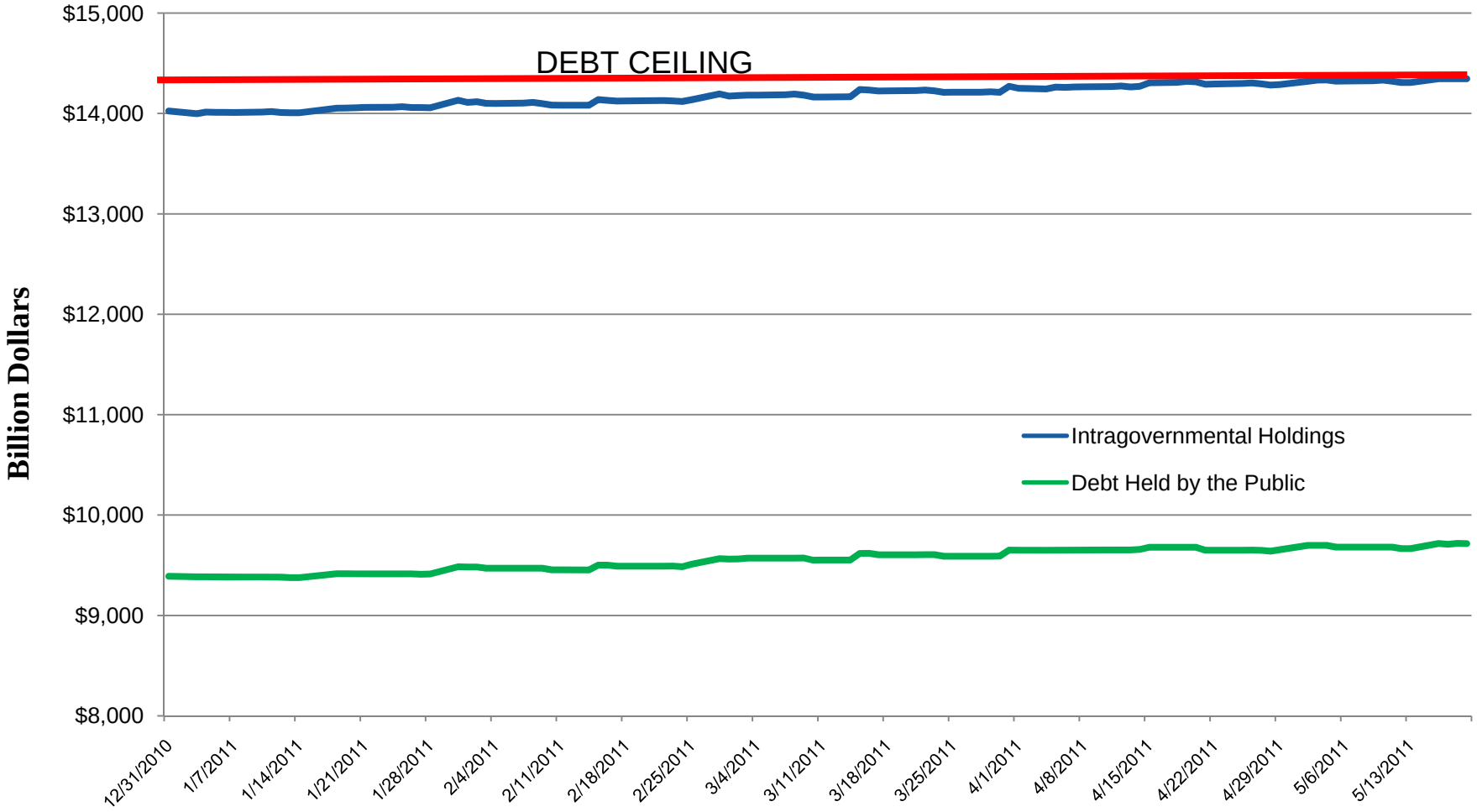


Total US Government Debt



THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

Crash into the Debt Ceiling …



THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

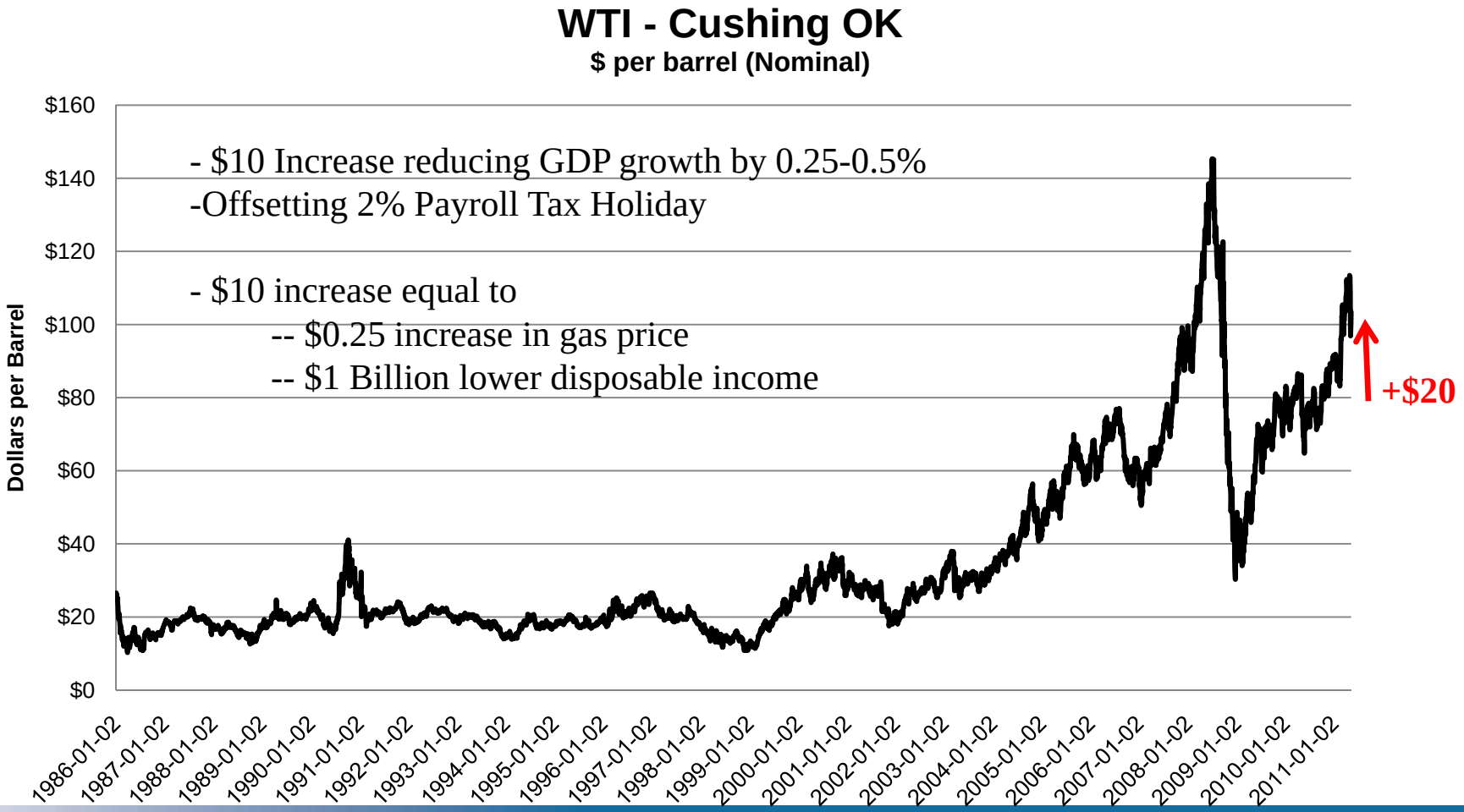
What happens next?

- *Treasury is using additional measures to finance spending*
- *Deadline is **August 2***
- *Beyond Aug 2, spending needs to be cut by 35% or $3.8B each day*
- *Economic Growth for 2011 wiped out in 95 days*

Source: WSJ Analysis

THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

Oil Price spiking …



THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

Any Questions?

Alexander Heil, PhD, *Chief Economist*
Graciela Ramirez, *Input-Output Modeling & Regional Economics*
Sherien Khella, *Economic Forecasting & Domestic Economy*
Mark Seaman, *Cost-Benefit Analysis & World Economy*

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