

# MONTHLY ECONOMIC INDICATORS

THE PORT AUTHORITY OF NY & NJ

Planning and Regional Development Department

February 2017

	Actual	Annual Forecast	
<b>UNEMPLOYMENT RATE</b>	JAN 2017	JAN 2016	2017
U.S.	4.5%	4.6%	4.6%
REGION	NA	NA	-
<b>NON-FARM EMPLOYMENT</b>	JAN 2017	JAN '17/ JAN '16	2017
U.S.	145.55M	1.6%	1.3%
REGION	NA	NA	1.2%
<b>REAL GDP</b>	2016Q4	2016Q3	2017
U.S.	1.9%	3.5%	2.3%
REGION	2.5%	2.5%	2.5%
<b>INTERNATIONAL TRADE</b>	DEC 16	DEC '16/ DEC '15	2017
U.S. (Imports + Exports)	\$127.4B	4.8%	
NY CUSTOMS DISTRICT	\$15.5B	-1.2%	
NY Imports	\$11.9B	-1.9%	
NY Exports	\$3.6B	1.1%	
<b>GASOLINE PRICE</b>	JAN 2017	JAN 2016	2017
New York City	\$2.61/g	\$2.02/g	
Newark, NJ	\$2.34/g	\$1.58/g	
<b>PRICES</b>	JAN '17/ JAN '16	JAN '16/ JAN '15	2017
Consumer Prices - U. S.	1.6%	0.1%	2.3%
Consumer Prices - REGION	1.2%	0.4%	2.0%
Personal Income - U. S.	4.4%	3.6%	3.2%
Personal Income - REGION	4.8%	3.5%	3.1%
Construction Costs - U.S. 20-CITY	3.9%	1.6%	-
Construction Costs - NYC	5.6%	-0.4%	-
<b>PRICES</b>	DEC '16/ DEC '15	DEC '15/ DEC '14	2017
Housing Prices - U.S. 20-CITY	5.6%	5.6%	5.7%
Housing Prices - NYC	3.1%	2.9%	3.1%
<b>CLASS A OFFICE SPACE AVERAGE ASKING RENT</b>	2016Q4	2016Q3	2017
Manhattan Totals	\$76.76/sf	\$79.47/sf	-
Midtown	\$81.67/sf	\$85.10/sf	-
Downtown	\$63.17/sf	\$62.18/sf	-

\* For Unemployment Rates, Employment and GDP, U.S. data are seasonally adjusted, regional data are not.

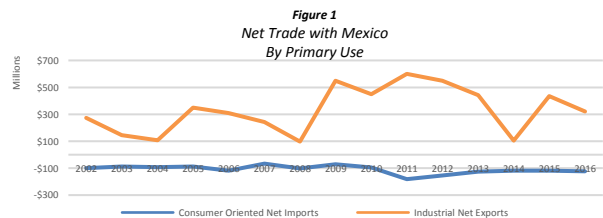
\* Forecast developed by PA Planning staff using Oxford Economics' Macro Model.

## SPECIAL FOCUS

### How would trade barriers on Mexican goods affect the PA Region?

As we mentioned in last month's Monthly Economics Indicator, barriers to trade make our economy less efficient by costing consumers and businesses time, money, and effort. In this MEI we apply these recognitions to the most obvious example: trade between the United States and Mexico, one of the country's largest trade partners.

When looking at U.S.-Mexico trade conducted through the Port of New York and New Jersey, we find that a majority of our region's net imports are items that are not easily replaced by local production. These items are primarily consumer goods such as food. On the other hand, a significant portion of the region's net exports to Mexico are in industries the region has a clear comparative advantage in, such as chemicals, metals, plastics, and so on. The chart below shows the difference, measured in dollar terms, between the net imports (direct consumer oriented items) and exports (industrial items). Roughly speaking, the value of industrial export goods exceeds the value of imports by a factor of at least three. The composition of the consumer imports and industrial exports are presented in Figures 2 and 3.



Source: Census USA Trade Data, Total Export value and Imports by Customs Value. Net imports are expressed as negative values while net exports as positive values.

As the region is a net exporter of mainly manufacturing goods, it should be understood that any disruption to the flow of goods to Mexico could potentially negatively impact employment on either side of the border. In fact, it is nearly a given that an imposition of tariffs on Mexican imports would result in retaliatory barriers imposed by the Mexican government<sup>1</sup>. It's true that this could provide some benefits in the near term. For instance, allowing barriers that limit imports could boost local employment in the industries making those goods. Conversely, any retaliatory tariffs or other trade obstacles placed on the region's exports could lower regional employment in those businesses. For the region, the number of employees working in industries that are net exporters is nearly three times that of net importing industries. This increases the risks to the region's economy if barriers on both sides begin to appear.

More importantly, the impact of barriers would directly hit people's purchasing power as the new tariffs and taxes are priced into their everyday purchases. In the New York Port region, fresh fruits and vegetables account for 1/3rd of the value of imported goods from Mexico. The lower priced Mexican fruits and vegetables provide a benefit to regional consumers in terms of more competitive priced foods and a wider selection, especially in the winter months. If these items have additional taxes or tariffs applied to them, their costs would ultimately be passed onto the consumer to pay. (next page)

<sup>1</sup>A good example of a trade retaliation is the recently proposed bill by a Mexican Senator to direct corn purchases from Argentina and Brazil instead of the U.S.

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AVIATION	Dec '16	YTD	Dec '16/'15	YTD '16/'15
<b>Revenue Passengers (000's)</b>	<b>10,801.5</b>	<b>129,363.8</b>	<b>4.2%</b>	<b>4.9%</b>
John F. Kennedy International Airport (JFK)	4,810.9	58,956.3	2.3%	3.7%
LaGuardia Airport (LGA)	2,438.4	29,780.8	1.6%	4.7%
Newark Liberty International Airport (EWR)	3,528.4	40,351.3	9.0%	7.6%
Stewart International Airport (SWF)	23.7	275.4	6.5%	-2.2%
<b>Revenue Freight (Short Tons)</b>	<b>204,104</b>	<b>2,088,469</b>	<b>5.5%</b>	<b>1.4%</b>
Domestic	82,480	753,475	5.3%	6.5%
International	121,624	1,334,994	5.6%	-1.3%
<b>Flights</b>	<b>107,823</b>	<b>1,314,250</b>	<b>1.1%</b>	<b>2.8%</b>
Domestic Air Carrier	77,590	932,827	1.2%	3.1%
International Air Carrier	23,921	294,501	-1.8%	1.1%
General Aviation	6,312	86,922	11.7%	6.0%
<b>Paid Parked Cars</b>	<b>601,351</b>	<b>7,875,116</b>	<b>-12.1%</b>	<b>-4.2%</b>
<b>Revenue AirTrain Passengers</b>	<b>867,573</b>	<b>9,983,057</b>	<b>-0.2%</b>	<b>3.2%</b>

FERRY OPERATIONS	Dec '16	YTD	Dec '16/'15	YTD '16/'15
<b>Passengers (000's)</b>				
New Jersey Ferries	683.5	8,702.5	-1.1%	5.8%

PATH	Dec '16	YTD	Dec '16/'15	YTD '16/'15
<b>Passengers (000's)</b>	<b>6,352.0</b>	<b>78,546.0</b>	<b>-1.3%</b>	<b>2.6%</b>
Average Weekday	258.9	3,227.7	4.2%	4.3%
Average Saturday	101.5	1,288.8	-19.1%	-6.4%
Average Sunday	76.7	985.3	-21.6%	-7.6%

PORT COMMERCE	Dec '16	YTD	Dec '16/'15	YTD '16/'15
<b>Port Trade</b>				
Container Imports (TEUs)	264,710	3,199,997	5.1%	-0.4%
Container Exports (TEUs)	111,572	1,356,127	1.6%	-2.6%
Containers lifted on/off Express Rail	42,128	540,149	4.2%	3.4%

TUNNELS, BRIDGES & TERMINALS	Dec '16	YTD	Dec '16/'15	YTD '16/'15
<b>Eastbound Vehicle Volumes (000's)</b>	<b>10,026</b>	<b>118,770</b>	<b>0.4%</b>	<b>2.4%</b>
George Washington Bridge	4,313	51,629	0.1%	2.3%
Lincoln Tunnel	1,629	19,210	-0.2%	1.5%
Holland Tunnel	1,306	15,365	-0.7%	-0.3%
Bayonne Bridge	167	1,681	0.0%	-18.3%
Goethals Bridge	1,317	15,652	0.8%	6.7%
Outerbridge Crossing	1,294	15,233	2.9%	5.6%
<b>Eastbound Volumes by Vehicle Type (000's)</b>				
Autos	9,175	108,521	0.6%	2.7%
Trucks	608	7,279	-1.3%	0.2%
Buses	243	2,970	-2.5%	0.1%

PORT AUTHORITY PULSE (Seasonally Adjusted, 2010=100)	Oct '16	Sep '16	Change
<b>PA Pulse (Transportation Activity Index)</b>	100.7	101.0	-0.3%
<b>PA Freight Pulse</b>	98.7	95.6	3.2%
<b>PA Passenger Pulse</b>	102.7	106.4	-3.5%

U.S. TRANSPORT. SERVICES INDEX (Prelim., Seasonally Adj., 2000=100)	Dec '16	Nov '16	Change
<b>TSI - Combined Index</b>	124.6	123.8	0.6%
<b>TSI - Freight</b>	124.7	123.5	1.0%
<b>TSI - Passenger</b>	124.0	124.1	-0.1%

## TRANSPORTATION FOCUS

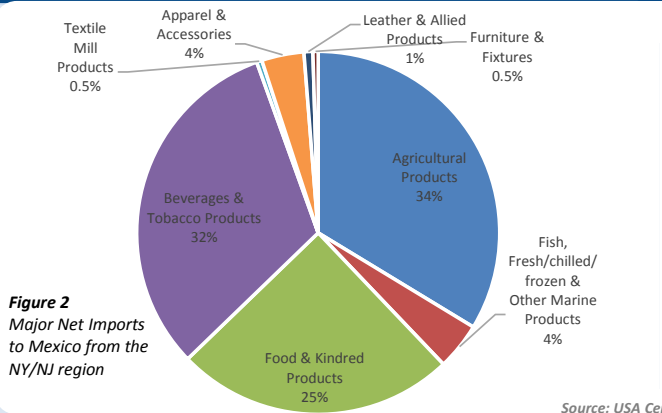


Figure 2  
Major Net Imports to Mexico from the NY/NJ region

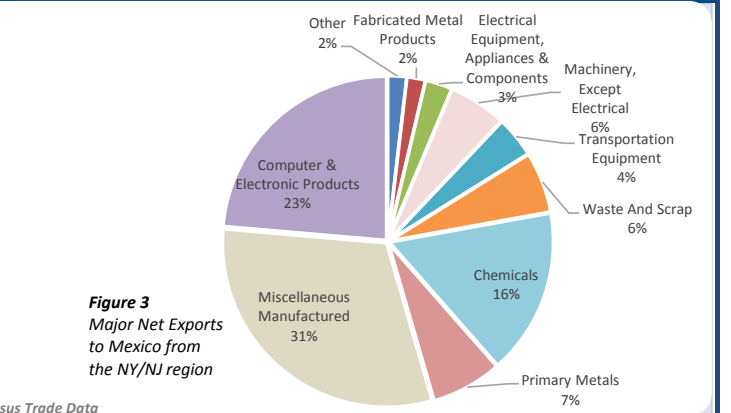


Figure 3  
Major Net Exports to Mexico from the NY/NJ region

Source: USA Census Trade Data

(from page 1)

Even homogenous trade barriers may not have an equal impact on the various industries in our region. In other words, an increased price of Mexican imports may not benefit some local industries since similar production does not occur within the Port Authority's 18-county district. As an example, there are no mango and avocado growers in New York and New Jersey that might otherwise be positively impacted by more expensive produce from Mexico. However, a regional flavor(chemical) manufacturer – a strong industry in New Jersey – who exports to Mexico would feel more competition as their product's price would increase as retaliatory tariffs are imposed on their product. This would make their product less competitive to other foreign producers which could result in lost sales and eventually job losses. The bottom line is that dueling trade restrictions with Mexico would hurt the Port region's economy by making consumer goods more expensive and our exports less competitive. The purchasing power by many local residents would be eroded especially if trade barriers are spread over a larger portfolio of imported goods. This would crimp business revenue and shrink consumer spending, both negative impacts of policies that are often presented – incorrectly, in our opinion – as efforts to improve and grow the U.S. economy.

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