

MONTHLY ECONOMIC INDICATORS

THE PORT AUTHORITY OF NY & NJ

Planning and Regional Development Department

	Actual		Annual Forecast	May 2016
UNEMPLOYMENT RATE	APR 2016	APR 2015	2016	SPECIAL FOCUS
U.S.	5.0%	5.4%	4.7%	
REGION	4.5%	5.5%	-	BREXIT: What does it mean for the Region?
NON-FARM EMPLOYMENT	APR 2016	APR '16/ APR '15	2016	Over the last few months most of us have been obsessing over the Presidential primaries and watching too much cable television news. It may therefore come as a surprise that we would like to draw your attention to yet another election, this one to be held on June 23: the British referendum on whether to remain in the European Union. A potential "Brexit" from the union that has been holding Europe together since WW II would likely have significant consequences for the UK economy. But what could we expect to be the potential impact on the Port Authority region?
U.S.	143.92M	1.9%	1.3%	
REGION	9.02M	1.6%	1.5%	A "yes" vote in June will put the UK on a path to negotiate the country's exit from the EU over the next 24 months. As part of this process, the trade relationship between the UK and the EU as well as other trading partners will have to be redefined. The loss of the advantageous trade conditions and loss of labor market mobility, or any delay in establishing similar conditions (if possible), would come at a cost for the country's economy. Private sector investment might be reduced and costs imposed on households may be sizeable. The policy path chosen as well as the success in individual negotiations with other countries by the UK government will directly influence the specific economic impacts. Oxford Economics, an economics consulting firm, has estimated different scenarios assuming a broad range of assumptions and potential responses. In fact, a best case scenario may hardly affect UK GDP at all whereas a worst case may come with losses of up to 3.9% of GDP. The worst case may also result in a fall in business investment of £21.1 billion and income losses of roughly £1,000 per household, respectively. It is important to realize that these losses will in all likelihood be asymmetric. While impacts are felt strongly by the UK economy, for the country's trading partners or the rest of the world, including the US, these impacts would likely be quite small.
REAL GDP	2016Q1	2015Q4	2016	But what about the potential impact on the Port Authority region or New York City? Initially, we would expect that uncertainty in financial markets will increase volatility in stock and bond markets. Financial institutions and investors would be affected by price declines but we would expect those to be short lived. The impacts on trade flows with the UK may be more sustained but considering the relatively small share that the country holds in the US' overall trade position, this is not likely to create major losses. <i>(continued on page 2)</i>
U.S.	0.8%	1.4%	1.9%	
REGION	1.1%	1.7%	2.1%	
INTERNATIONAL TRADE	MAR 2016	MAR '16/ MAR '15	2016	
U.S.	\$304.0B	-8.1%	1.4%	
NY CUSTOMS DISTRICT	\$33.7B	-11.9%	-	
NY Imports	\$21.4B	-13.4%	-	
NY Exports	\$12.2B	-9.2%	-	
GASOLINE PRICE	APR 2016	APR 2015	2016	
New York City	\$2.56/g	\$3.00/g	\$2.09/g	
Newark, NJ	\$2.17/g	\$2.55/g	\$1.74/g	
PRICES	APR '16/ APR '15	APR '15/ APR '14	2016	
Consumer Prices - U. S.	1.1%	-0.1%	0.6%	
Consumer Prices - REGION	1.0%	0.0%	0.8%	
Personal Income - U. S.	4.2%	4.2%	5.0%	
Personal Income - REGION	3.6%	4.4%	4.8%	
Construction Costs - U.S. 20-CITY	2.9%	2.5%	-	
Construction Costs - NYC	2.9%	4.4%	-	
PRICES	MAR '16/ MAR '15	MAR '15/ MAR '14	2016	
Housing Prices - U.S. 20-CITY	5.4%	4.9%	-	
Housing Prices - NYC	2.7%	2.2%	-	
CLASS A OFFICE SPACE AVERAGE ASKING RENT	2016Q1	2015Q4	2016	
Manhattan Totals	\$77.59/sf	\$76.76/sf	-	
Midtown	\$83.54/sf	\$81.67/sf	-	
Downtown	\$62.13/sf	\$63.17/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.

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May 2016

AVIATION	Mar '16	YTD	Mar '16/'15	YTD '16/'15	PORT COMMERCE	Mar '16	YTD	Mar '16/'15	YTD '16/'15
Revenue Passengers (000's)	10,624.3	28,251.7	8.0%	8.3%	Port Trade				
John F. Kennedy International Airport (JFK)	4,745.5	12,850.6	7.4%	8.0%	Container Imports (TEUs)	253,956	759,334	-11.8%	-0.5%
LaGuardia Airport (LGA)	2,517.7	6,519.7	8.0%	8.8%	Container Exports (TEUs)	118,489	330,799	-5.3%	-0.2%
Newark Liberty International Airport (EWR)	3,338.4	8,818.1	8.8%	8.7%	Containers lifted on/off Express Rail	48,073	129,276	4.2%	8.5%
Stewart International Airport (SWF)	22.7	63.3	1.9%	0.3%	TUNNELS, BRIDGES & TERMINALS	Mar '16	YTD	Mar '16/'15	YTD '16/'15
Revenue Freight (Short Tons)	174,935	481,283	-2.5%	-2.9%	Eastbound Vehicle Volumes (000's)	9,880	27,176	6.9%	6.3%
Domestic	62,510	167,606	11.9%	1.9%	George Washington Bridge	4,271	11,733	7.8%	7.1%
International	112,425	313,677	-9.0%	-5.3%	Lincoln Tunnel	1,630	4,501	3.0%	4.0%
Flights	111,691	306,288	8.2%	6.5%	Holland Tunnel	1,308	3,607	4.0%	2.9%
Domestic Air Carrier	80,882	220,239	9.4%	7.0%	Bayonne Bridge	145	399	-25.3%	-28.6%
International Air Carrier	24,227	68,235	3.0%	3.4%	Goethals Bridge	1,287	3,534	12.9%	12.4%
General Aviation	6,582	17,814	14.8%	13.3%	Outerbridge Crossing	1,239	3,402	11.7%	10.8%
Paid Parked Cars	658,964	1,844,690	-0.2%	2.4%	Eastbound Volumes by Vehicle Type (000's)				
Revenue AirTrain Passengers	805,325	2,095,032	7.3%	6.2%	Autos	8,994	24,747	7.1%	6.6%
FERRY OPERATIONS	Mar '16	YTD	Mar '16/'15	YTD '16/'15	Trucks	632	1,732	5.2%	4.5%
Passengers (000's)					Buses	255	698	3.2%	2.5%
New Jersey Ferries	739.2	1,927.7	20.6%	20.1%	PORT AUTHORITY PULSE				
PATH	Mar '16	YTD	Mar '16/'15	YTD '16/'15	(Seasonally Adjusted, 2010=100)	Feb '16	Jan '16	Change	
Passengers (000's)	6,909.0	18,664.0	8.9%	8.4%	PA Pulse (Transportation Activity Index)	102.2	97.2	5.1%	
Average Weekday	265.1	774.9	5.9%	7.1%	PA Freight Pulse	98.0	93.5	4.8%	
Average Saturday	120.0	309.9	11.4%	6.4%	PA Passenger Pulse	106.4	100.8	5.6%	
Average Sunday	82.7	227.7	2.9%	5.7%	U.S. TRANSPORT SERVICES INDEX				
					(Prelim., Seasonally Adj., 2000=100)	Mar '16	Feb '16	Change	
					TSI - Combined Index	121.3	121.9	-0.5%	
					TSI - Freight	120.0	121.1	-0.9%	
					TSI - Passenger	124.0	123.5	0.4%	

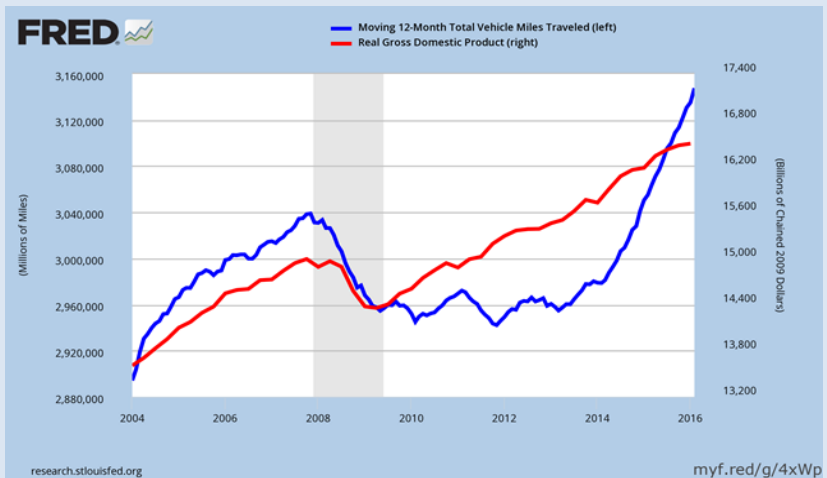
TRANSPORTATION FOCUS

(Cont from Page 1):

Lastly, the question of how financial institutions may react if London is handicapped is unclear. Considering that British banks will need to regain preferential access to the European market, it is plausible that some operations may be moved to other European banking centers such as Frankfurt or even Dublin. We regard opportunistic benefits for New York to be unlikely to materialize.

The question of a UK exit from the EU is not a new one. Most economists agree that a Brexit will disproportionately affect the UK economy and that impacts on the EU and the world economy will be small. But the general sentiment among the British population, in part driven by a perceived unfairness in European fiscal demands as well as the ongoing refugees crisis, is real. A desire for political change can be felt around the world, for instance in the near success of a right wing party in Austria or the success of "non-establishment" candidates here in the US. We have been amazed by some of these political events in recent months and will continue to provide economic context as appropriate.

Over the years, we have been discussing the declining trend in automobile traffic nationwide and at our crossings. But as is evident from the graph below, nationwide VMT has been increasing sharply. Auto traffic at PA crossings has been growing again too. We credit most of these increases to the low gas price environment and the pace of declines in particular throughout 2014 and 2015.



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