ECONOMIC TRENDS • SHIPPING TRENDS • TRADE AND COMMODITY TRENDS • PRICING TRENDS • CAPACITY TRENDS

JOC INSIGHTS

NOVEMBER 2013

From the desk of **MARIO O. MORENO**, *Economist, The Journal of Commerce*

LESS THAN EXPECTED SHIPMENTS of auto parts, furniture and wearing apparel pushed actual volumes below forecast by 0.8 percentage points in 3Q13 and although this is not sufficient to compel a material revision in the 2014 projection I am now expecting 3.5 percent growth in 2013 compared to 4.0 percent forecasted in the September report of Container Shipping Outlook.

The forecast for 2014 is supported by an anticipated 2.5 percent increase in US real GDP, a significant improvement over the 1.6 percent expansion expected in 2013. The more robust performance of the second half of 2013 is expected to carry forward through 2014 and 2015 supporting tighter labor market conditions and increased U.S. consumption expenditure. Import prices will remain tame for the duration of the forecast period assuming that the current détente with Iran will extend through 2014 and into 2015. This has already had the effect of reducing oil prices which will translate into lower import prices and ultimately lower production costs for suppliers of US import goods around the globe. Moreover, as household and institutional demand increases, interest rates, which have been kept artificially low by the Fed, will begin to rise and attract increased demand for dollar denominated assets from abroad. This will further restrict import price growth going forward, but at the same time will likely discourage first-time home buyers as long-term mortgage rates rise above a certain level.

Although in a temporary lull, the auto parts trade will resume a robust pace of expansion during the next three quarters in line with forecasts for sales of 16.6 million units in the light trucks and auto categories. This trade will stabilize once again in the last quarters of 2014. And in spite of the lackluster performance of wearing apparel in 3Q, we expect this trade to turn positive in 2014 particularly in light of healthy holiday shopping sales currently being experienced at U.S. retailers. The first half of 2014 will therefore be dominated by apparel inventory rebuilding while sales should maintain positive momentum through most of 2014. The critical furniture trade appears grim, even as the US housing market has clearly entered recovery mode. We do not expect much better trade in this sector as cash remains tight for such discretionary items, and mortgage rates begin to rise next year.

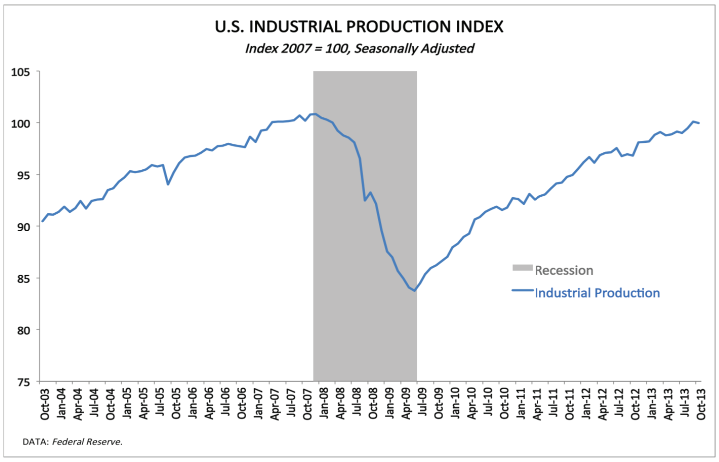
The downside risks to the forecast are primarily geopolitical and policy related though Federal Reserve Bank policy after Bernanke is also a concern. Given these risks and the projected macroeconomic conditions, I am compelled to revise the forecast just slightly lower than prior prediction.

This issue of JOC Insights presents my most updated forecasts on the Trans-pacific container trade, and a special follow-up analysis of Bangladesh-U.S. apparel trade.

I hope you'll enjoy the latest issue of JOC Insights.

THE SHIPPING ECONOMY

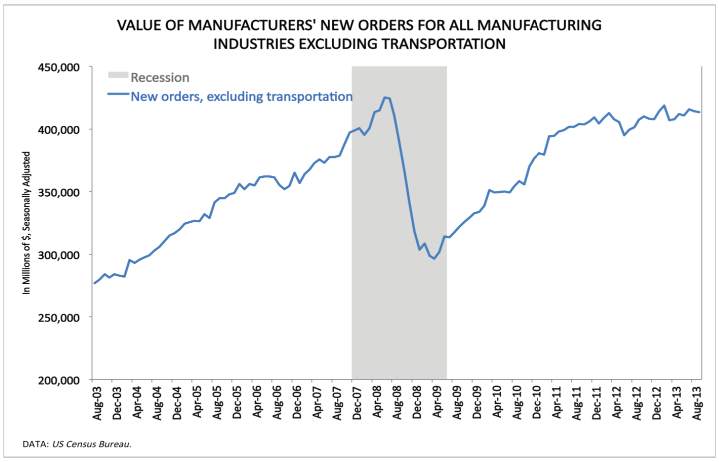
- *ISM's manufacturing shows resilience despite partial government shutdown*
- *U.S. ocean container trade expands in September on rising imports*
- *Retail sales beat expectations in October*
- *Existing home sales decline for second straight month on rising mortgage rates, tight supply, slow job market*
- *U.S. economic growth beat expectations in 3Q, but 4Q outlook is downgraded*



OCTOBER 2013: U.S. INDUSTRIAL PRODUCTION INDEX DOWN 0.1 PERCENT

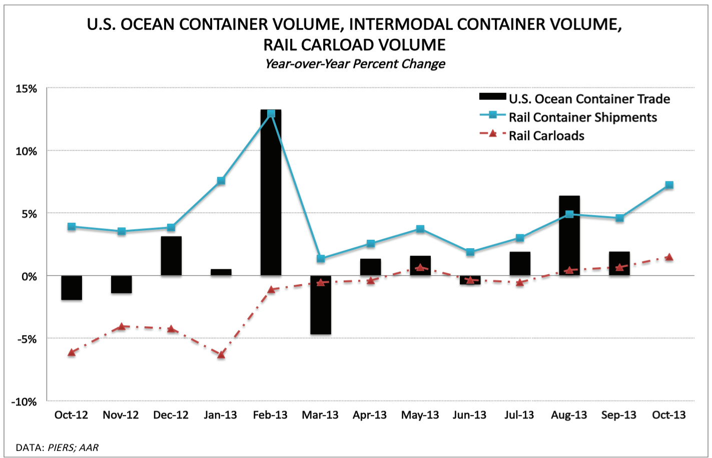
U.S. industrial production edged down 0.1 percent in October, but followed an upwardly revised gain of 0.7 percent in the prior month. The manufacturing component advanced 0.3 percent as forecast, and followed a 0.1 percent boost in the prior month. Excluding motor vehicles, the manufacturing component gained 0.4 percent after no change in the prior month.

Manufacturing appears to be gaining momentum in October, further evidenced by the latest ISM index figures.



Factory orders rose 1.7 percent, mostly boosted by the volatile aircraft component, and followed a slight decline of 0.1 percent in the prior month. Outside of transportation, new orders declined 0.2 percent in the month after a contraction of 0.4 percent in August. Year-to-date, from January through August, orders excluding transportation were up 2.0 percent, totaling $3.7 trillion. Orders peaked in 2012 when nominal value totaled $4.9 trillion.

Watching factory orders closely is important because orders ripple through the economy with a significant impact on trade and container traffic.



U.S. OCEAN CONTAINER VOLUME, INTERMODAL CONTAINER VOLUME, RAIL CARLOAD VOLUME
Year-over-Year Percent Change
DATA: *PIERS; AAR*

U.S. OCEAN CONTAINER TRADE UP 1.9 PERCENT IN SEPTEMBER

U.S. ocean container trade advanced in September as demand for imports improved, a sign retailers are optimistic about the upcoming holiday season. Trade rose 1.9 percent year-over-year, totaling 2.5 million TEUs.

Rail container shipments expanded 7.2 percent year-over-year in October, while rail carloads edged rose 1.5 percent in the same month.

GLOBAL MANUFACTURING

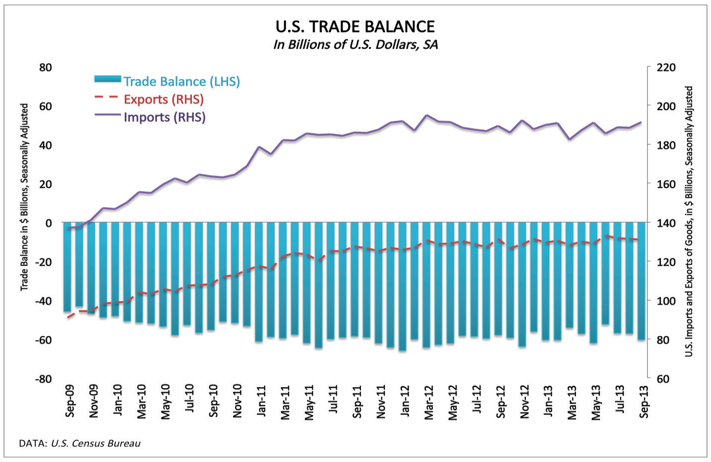
	OCT-13	SEP-13	MOM	DIRECTION, RATE OF CHANGE
US PMI	**56.4**	**56.2**	**0.2**	**GROWING, FASTER RATE**
NEW ORDERS	60.6	60.5	0.1	GROWING, FASTER RATE
INVENTORIES	52.5	50	2.5	GROWING, FROM UNCHANGED
CHINA PMI	**50.9**	**50.2**	**0.7**	**GROWING, FASTER RATE**
GLOBAL PMI	**52.1**	**51.8**	**0.3**	**EXPANDING, FASTER RATE**

Source: Institute for Supply Management; Markit; HSBC; JPMorgan

U.S. MANUFACTURING SECTOR IN EXPANSION FOR THE FIFTH STRAIGHT MONTH

The U.S. manufacturing sector continues to show strength despite reduced optimism sparked by the partial government shutdown. The PMI composite index gave a reading of 56.4, up 0.2 point over the prior month, indicating growth at a faster rate. New orders are accelerating, boosted by a recovery in foreign demand. Total U.S. exports via ocean container rose 2.5 percent year-over-year in the third quarter boosted by miscellaneous plastic products. Inventories advanced in preparation of strong activity ahead.

China's manufacturing sector in October saw the strongest improvement in operating conditions in seven months. Output grew for the third straight month, driven by stronger domestic and foreign demand. Total China exports to the U.S. via ocean container advanced 6 percent in September year-over-year. Hiring improved modestly as some firms planned to expand output.

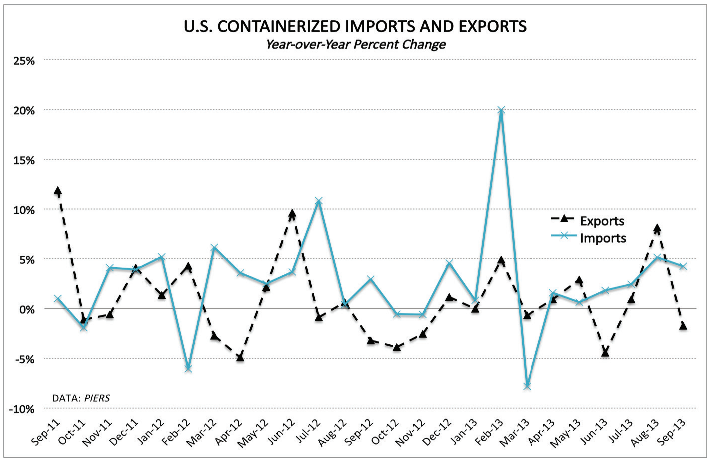


U.S. TRADE BALANCE
In Billions of U.S. Dollars, SA
DATA: *U.S. Census Bureau*

SEPTEMBER 2013: U.S. TRADE DEFICIT IN GOODS AT FOUR-MONTH HIGH

U.S. exports of goods edged down 0.3 percent in September, following a similar drop in August. The contraction mostly reflected decreases in industrial supplies, and consumer goods. U.S. imports of goods advanced 1.5 percent, which followed a dip of 0.1 percent in August. Gains in imports were mostly seen in industrial supplies, and motor vehicles and parts.

The U.S. trade deficit in goods widened by 5.5 percent to $60.3 billion.



U.S. CONTAINERIZED IMPORTS AND EXPORTS
Year-over-Year Percent Change
DATA: *PIERS*

U.S. CONTAINER TRADE

	SEP-13	MOM	YOY	YTD	2013(F)	2014(F)
IMPORTS	**1,556**	**-3.9%**	**4.2%**	**2.9%**	**3.5%**	**5.9%**
EXPORTS	**953**	**-11.3%**	**-1.7%**	**1.2%**	**1.9%**	**2.0%**

Source: PIERS; JOC Container Shipping Outlook, Deceember 2013

SEPTEMBER 2013: U.S. CONTAINERIZED IMPORTS UP 4.2 PERCENT; EXPORTS DOWN 1.7 PERCENT

U.S. containerized imports via ocean expanded year-over-year in September for the sixth consecutive month, suggesting retailers were confident upcoming holidays sales will be slightly better than last year. Overall U.S. containerized imports grew 4.2 percent in September year-over-year, totaling 1,556,095 TEUs. Quarterly, imports rose 3.9 percent year-over-year in the third quarter of 2013, and stood slightly below the JOC Container Shipping Outlook forecast of 4.7 percent growth.

Among the top 25 source countries, China gained the most, up 44,869 TEUs, or 6 percent year-over-year. Vietnam followed with a gain of 7,481 TEUs, while Germany gained 4,410 TEUs. On the downside, U.S. imports from Hong Kong declined 3,712 TEUs, or 9 percent.

Leading the gains among the top 25 imports were plastic products, up 15,649 TEUs year-over-year; fabrics including raw cotton, up 8,732 TEUs; and furniture, up 6,656 TEUs. The largest declines were seen in menswear, down 8,314 TEUs; computers, down 5,993 TEUs; and miscellaneous apparel, down 5,198 TEUs.

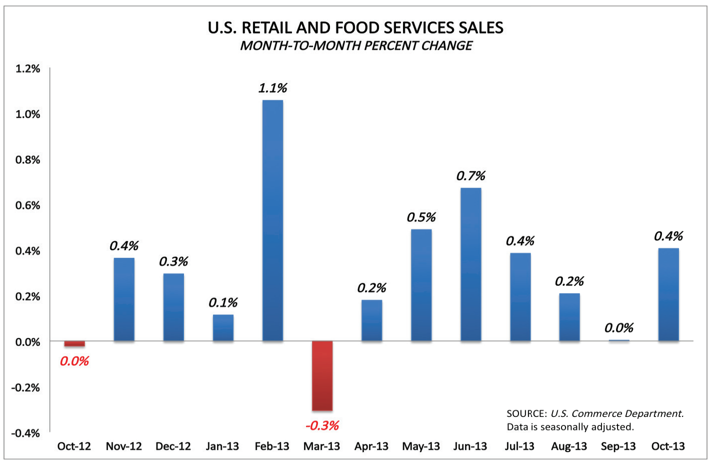
I have modestly downgraded the imports forecast for the fourth quarter from 6.6 percent to 5.2 percent mostly because of the fading impact of the partial government shutdown over business and consumer confidence. Total U.S. imports via ocean container are now forecast to grow 3.5 percent in 2013, downgraded from 4.1 percent, and 5.9 percent in 2014 as economic activity picks up the pace.

Overall U.S. containerized exports via ocean declined 1.7 percent year-over-year in September to 952,526 TEUs, according to preliminary data from PIERS. Gains were seen in plastic products, up 5.790 TEUs, or 41 percent year-over-year; logs and lumber, up 3,718 TEUs; and grocery products, up 2,813 TEUs.

On the downside, year-over-year losses were seen in paper and paperboard, down 21,161 TEUs; and wood pulp, down 6,471 TEUs.

Among the top 25 export markets, shipments to China rose the most in September, up 29,100 TEUs, or 13 percent year-over-year. Shipments to Japan and Brazil followed with gains of 4,138 TEUs and 3,610 TEUs, respectively. On the downside, exports to India declined 7,995 TEUs, or 25 percent.

I have upgraded the exports forecast for the fourth quarter, partly because of the recent pickup in global manufacturing activity. Total U.S. exports via ocean container are now forecast to expand 1.9 percent in 2013, almost double the rate I predicted a few months ago, and by 2 percent in 2014. Downside risks to the export forecasts remain as global growth is still stubbornly soft, with the eurozone still battling major fiscal issues.



RETAIL SALES UP 0.4 PERCENT IN OCTOBER

Retail and food services sales grew in October by the most in three months, an indication the partial government shutdown did little to discourage consumer spending. Sales advanced 0.4 percent after no change in September. Motor vehicle sales rose 1.3 percent, following a decline of 1.2 percent in September. Outside of the volatile components of motor vehicles and gasoline, sales rose 0.3 percent, matching the pace in September.

Within the core, most gains were seen in electronics and appliance stores, and furniture and home furnishings. U.S. imports of cooking and ironing appliances via ocean container rose 4 percent year-over-year in September, while imports of furniture rose 5 percent year-over-year in the same month.

I expect the upcoming holiday shopping season will be slightly better than last year's, in line with the National Retail Federation expectations of 3.9 percent growth in holiday sales, up from 3.5 percent growth in 2012.

The retail inventory-to-sales ratio advanced to 1.42 in September from 1.40 in the prior month, indicating optimism among retailers about the upcoming holiday shopping season. This is further evidenced by the better-than-expected volumes in the eastbound trans-Pacific trade in the third quarter, which were up 4.1 percent vs. my forecast of 3.6 percent.

U.S. HOUSING MARKET

	OCT-13	MOM	YOY	2013(F)	2014(F)
EXISTING HOME SALES	**5,120**	**-3.2%**	**6.0%**	**10%**	**2%**
NEW HOME SALES	**NA**	**NA**	**NA**	**17%**	**-3%**
HOUSING STARTS	**NA**	**NA**	**NA**	**15%**	**1%**

*Source: US Department of Commerce; NAR; JOC Forecast *In Thousands of Units, Seasonally Adjusted Annual Rate*

2014 OUTLOOK FOR EXISTING HOME SALES SLIGHTLY UPGRADED

Existing home sales declined in October for the second straight month, indicating rising mortgage rates and a slow jobs market are holding down housing. National sales dropped 3.2 percent in October to a seasonally adjusted annual rate of 5.12 million units, while supply declined for the third straight month. Tight supply has partly contributed to the slowdown in sales.

The Fed held off on any bond-buying tapering ideas prompted by the partial government shutdown and debt-ceiling debacle. This should exert downward pressure on mortgage rates boosting home sales, but employment isn't growing fast enough and supply is still tight. A more severe slowdown in the home sales market could depress the ongoing demand for foreign home goods such as furniture. If quarterly sales of existing homes rise by 1,000 units, expected quarterly imports of furniture rise between 63 and 176 TEUs.

I have slightly upgraded the 2014 outlook for existing home sales from plus-1 percent up to plus-2 percent.

REAL GDP QUARTERLY GROWTH RATES ON A Y-O-Y BASIS AND ANNUAL FORECASTS

COUNTRY	Q3-2012	Q4-2012	Q1-2013	Q2-2013(E)	Q3-2013(E)	2013(F)	2014(F)
U.S.	**3.1**	**2.0**	**1.3**	**1.6**	**1.6**	**1.6**	**2.5**
CHINA	**7.4**	**7.9**	**7.7**	**7.5**	**7.8**	**7.7**	**7.3**
JAPAN	**0.4**	**0.2**	**0.1**	**1.2**	**2.6**	**1.9**	**1.7**
U.K.	**0.0**	**-0.2**	**0.2**	**1.3**	**1.5**	**1.5**	**2.0**
GERMANY	**0.9**	**0.3**	**-0.3**	**0.5**	**0.6**	**0.5**	**1.33**

** Growth rate compared to the same quarter of previous year, seasonally adjusted. All countries except China display seasonally adjusted quarterly data.*

Source: OECD; EIU forecasts; in-house forecast - updated as of November 25, 2013

The U.S. economy expanded at the fastest pace since the third quarter of 2012, and beat economists' expectations for a 2.0 percent rate. Inventory restocking was the main driver of growth, while consumer and business spending slowed down supporting the Fed's decision to postpone scaling back its $85 billion monthly bond-buying program. Economic growth is expected to slow in the fourth quarter, given the unnecessary uncertainty produced by the risk of default on U.S. debt. The political crisis has been deferred but not resolved. If not resolved, consumer and business confidence will depress even further, adversely impacting job creation.

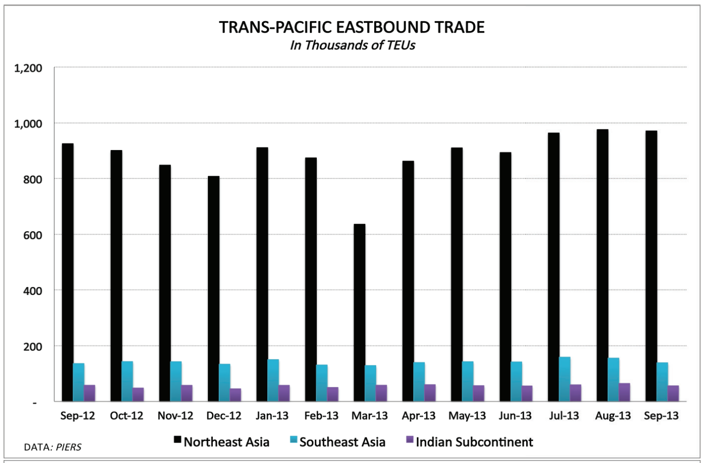
Consumer inflation is currently tame, but it is expected to rise later in 2014 as the economy begins to accelerate. The Fed's decision to postpone tapering of its large bond-buying program pushed the value of the dollar down, but this may not last for long. As economic activity picks up next year and unemployment declines, the Fed will begin to scale back its massive quantitative easing program, causing the dollar's value to strengthen. The impact of the expected strengthening of the dollar's value has moderate negative consequences over U.S. maritime trade.

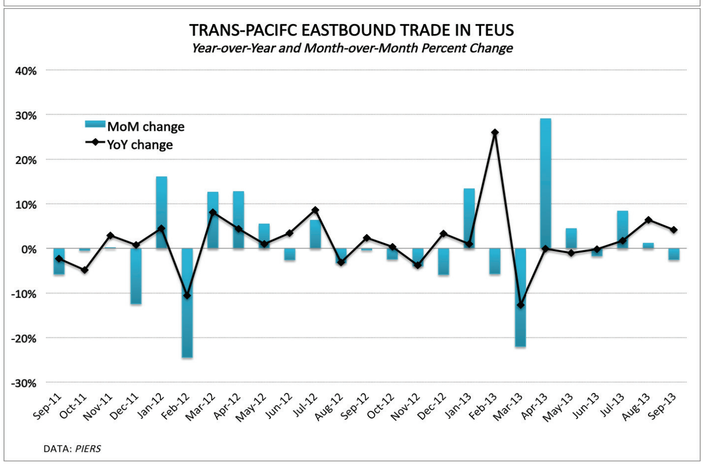
JOCINSIGHTS

REGIONAL CONTAINER TRADE

- *2013 outlook for the eastbound trans-Pacific trade merely unchanged at 3.0 percent*
- *Third quarter exports to China surprised to the upside on rising demand for scrap metals and plastic products*

TRANS-PACIFIC EASTBOUND TRADE





IMPORTS, SEPTEMBER 2013

TRADE LANE	TEUS	MOM	YOY	YTD	2013(F)	2014(F)
ASIA	**1,166,004**	**-2.5%**	**4.2%**	**2.4%**	**2.9%**	**4.7%**
NORTHEAST ASIA	975,765	-0.5%	4.9%	2.2%	2.5%	4.1%
SOUTHEAST ASIA	138,977	-10.7%	2.1%	4.7%	4.9%	7.1%

Source: JOC-PIERS Container Shipping Outlook December 2013 issue

SEPTEMBER 2013: TRANS-PACIFIC EASTBOUND TRADE UP 4.2 PERCENT

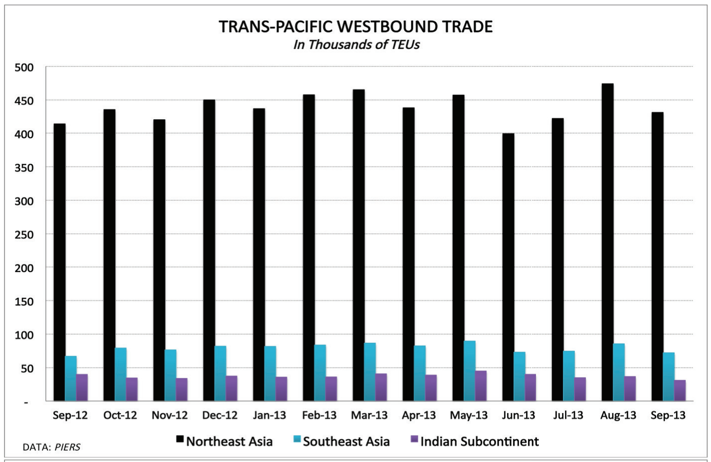
U.S. containerized imports via ocean from Northeast Asia rose in September for the third straight month on solid demand. Volumes from Northeast Asia totaled 1.17 million TEUs in the month, up 4.9 percent over September 2012. Most gains were seen in plastic products and furniture. Imports from China expanded 6.0 percent year-over-year and totaled 784,427 TEUs.

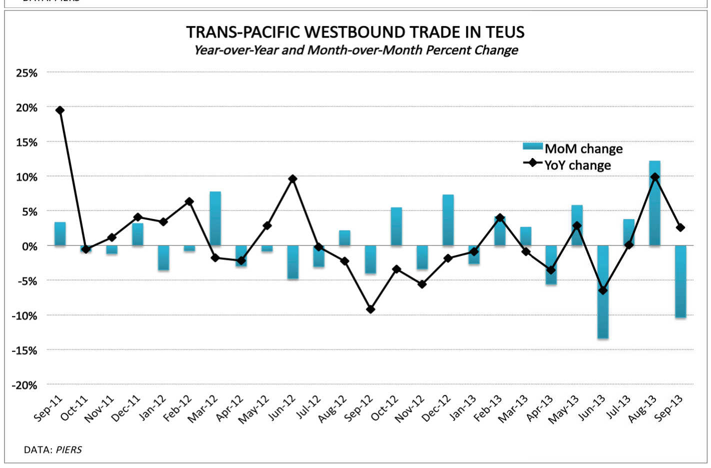
Imports from Southeast Asia advanced 2.1 percent year-over-year in September to a total of 138,977 TEUs, mostly driven by footwear, auto tires and miscellaneous apparel. Imports from this region have increased for 13 straight months on a year-over-year basis. Imports from the Indian subcontinent declined 3.3 percent year-over-year and totaled 56,262 TEUs on account of falling shipments of menswear and miscellaneous apparel.

U.S. containerized imports via ocean from Asia rose 4.1 percent year-over-year in the third quarter, a little over my forecast call of 3.6 percent growth. Although some industry experts pointed out that second half volume in the eastbound trans-Pacific trade was going be worse than the first half, I stood unconvinced. The economic indicators that I follow closely described a brighter picture for the second half of the year, and the third quarter volumes proved my assumptions correct.

My new outlook for the eastbound trans-Pacific trade in 2013 stood merely unchanged at 3 percent, while the 2014 outlook was slightly downgraded from 5.3 percent to 4.7 percent.

TRANS-PACIFIC WESTBOUND TRADE





EXPORTS, SEPTEMBER 2013

	TEUS	MOM	YOY	YTD	2013(F)	2014(F)
ASIA	**534,399**	**-10.4%**	**2.6%**	**0.8%**	**1.5%**	**3.3%**
NORTHEAST ASIA	431,245	-9.0%	4.1%	0.1%	1.0%	4.0%
SOUTHEAST ASIA	72,158	-15.7%	7.8%	4.1%	3.3%	-0.6%

Source: JOC-PIERS Container Shipping Outlook December 2013 issue

SEPTEMBER 2013: TRANS-PACIFIC WESTBOUND TRADE UP 2.6 PERCENT

U.S. containerized exports via ocean to Northeast Asia rose year-over-year in September for the second successive month on stronger demand. Gains were led by logs and lumber, grocery products, and pet and animal feeds. Exports to China jumped 13 percent year-over-year, totaling 249,149 TEUs for the month.

Exports to Southeast Asia advanced for the third straight month year-over-year in September, up 7.8 percent. Solid demand was mostly driven by fabrics, dairy products and grocery products. Exports to the Indian subcontinent declined in September for the second straight month, down 22.2 percent year-over-year, following a contraction of 4.2 percent in August. The decline was led by losses in outbound shipments of ferrous and pig iron, foam waste and scrap, and paper and paperboard.

U.S. containerized exports via ocean to Asia rose 4.2 percent year-over-year in the third quarter, in line with my expectation for 4.1 percent growth. Thus, the 2013 outlook for the westbound trans-Pacific trade stood merely unchanged at 1.5 percent, while the 2014 outlook was slightly upgraded from 3.0 percent to 3.3 percent.

Third quarter exports to China surprised to the upside on greater demand for scrap metals and plastic products, key inputs for the manufacturing sector.

TOP COMMODITIES: ASIA

TOP US IMPORTS FROM ASIA IN TEUS, SEPTEMBER 2013

RANK	COMMODITIES	TEUS	MOM	YOY	YTD
1	FURNITURE	123,820	-5%	4%	4%
2	TOYS	57,491	13%	2%	-3%
3	AUTO PARTS	46,237	-1%	4%	4%
4	PLASTIC PRODS, MISC	42,449	-5%	42%	19%
5	WOMEN'S&INFANTWEAR	38,143	-7%	-5%	-1%
6	FOOTWEAR	38,009	-9%	21%	19%
7	DECORATIONS	31,293	40%	9%	7%
8	AUTO&TRUCK TIRE&TUBES	30,571	-12%	25%	12%
9	SHEETS,TOWELS,BLANKETS	24,359	-5%	-6%	4%
10	ELECTRONIC PRODS,MISC	23,322	5%	-4%	-1%

Source: PIERS

Foreign demand for wearing apparel by volume is lessening. Imports of women's and infant wear from Asia are down 1 percent year-to-date through September, while imports of footwear are up 19 percent year-to-date through September.

TOP US EXPORTS TO ASIA IN TEUS, SEPTEMBER 2013

RANK	COMMODITIES	TEUS	MOM	YOY	YTD
1	PAPER&BOARD,INCL WASTE	100,826	-7%	-12%	-2%
2	PET&ANIMAL FEEDS	41,258	-11%	0%	-1%
3	LOGS&LUMBER	27,302	5%	26%	14%
4	MIXED METAL SCRAP	21,674	-13%	-22%	-18%
5	WOOD PULP	20,354	2%	-8%	1%
6	FOAM WASTE&SCRAP	13,589	-9%	-22%	-8%
7	MEAT, FRESH&FROZEN	12,026	-11%	20%	7%
8	GROCERY PRODS,MISC.	10,256	21%	68%	10%
9	METAL SCRAP,FERROUS,PIG IRON	10,120	-33%	-33%	-19%
10	PLASTIC PRODS, MISC	9,988	-7%	44%	10%

Source: PIERS

Given the slowdown in the global economy, demand for scrap metals and wastepaper is soft. Exports of wastepaper to Asia are down 2 percent year-to-date through September, while exports of mixed scrap metals are down 18 percent over the same period of time.

PORT TRAFFIC

- ***Port of Los Angeles was top U.S. port through September, with volume of approximately 4.2 million fully loaded TEUs***
- ***Port of Shanghai is China's top port with total traffic of 25.2 million fully loaded and empty TEUs through September***

TOP 10 CONTAINER THROUGHPUTS OF U.S. MAJOR PORTS

In September 2013 *Unit: 1000 TEU*

RANK NAME OF PORT	CURRENT MONTH	YOY CHANGE (%)	TOTAL THOUGHTPUT IN 2013
1 LOS ANGELES	494	-8.3%	4,187
2 LONG BEACH	404	19.7%	3,704
3 NEW YORK	336	-6.9%	3,111
4 SAVANNAH	202	5.6%	1,762
5 VIRGINIA PRTS	152	10.1%	1,347
6 OAKLAND	134	12.7%	1,210
7 HOUSTON	121	-6.0%	1,179
8 CHARLESTON	106	0.4%	974
9 TACOMA	119	15.9%	953
10 SEATTLE	80	-5.6%	760

Source: PIERS. Figures are rounded. Data represents fully-loaded and empty container figures. Data is refreshed frequently.

Top 10 ports handled 85.7 percent of the total U.S. container trade in September, and 85.2 percent year-to-date.

Container traffic at top-ranked Port of Los Angeles declined 8.3 percent year-over-year in September, while Port of Long Beach jumped approximately 20 percent.

TOP 10 CONTAINER THROUGHPUTS OF CHINA'S MAJOR PORTS

In September 2013 *Unit: 1000 TEU*

RANK NAME OF PORT	CURRENT MONTH	YOY CHANGE (%)	TOTAL THOUGHTPUT IN 2013
1 SHANGHAI (上海)	2,904	-0.2%	25,162
2 SHENZHEN (深圳)	2,013	-7.3%	17,276
3 NINGPO ZHOUSHAN (宁波－舟山)	1,498	-1.8%	13,181
4 QINGDAO (青岛)	1,295	7.3%	11,905
5 GUANGZHOU (广州)	1,362	5.1%	11,104
6 TIANJIN (天津)	1,062	-6.4%	9,804
7 DALIAN (大连)	977	29.1%	7,196
8 XIAMEN (厦门)	706	9.0%	5,837
9 SUZHOU (苏州)	353	-38.1%	4,163
10 LIANYUNGANG (连云港)	464	12.3%	4,103

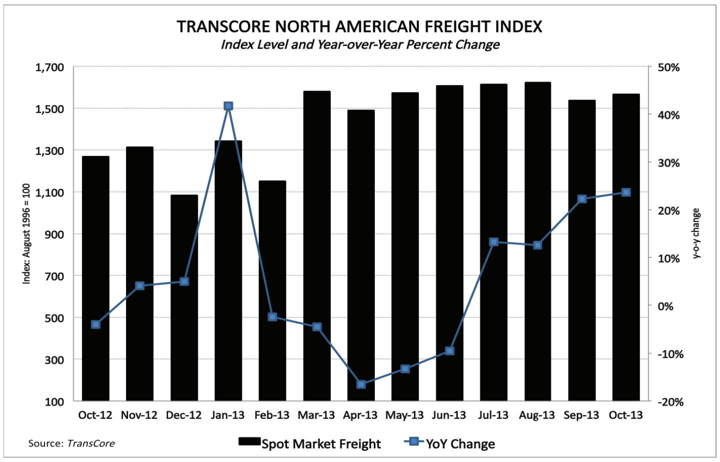
Source: Shanghai Shipping Exchange. Data represents fully-loaded and empty container figures. Data is refreshed frequently.

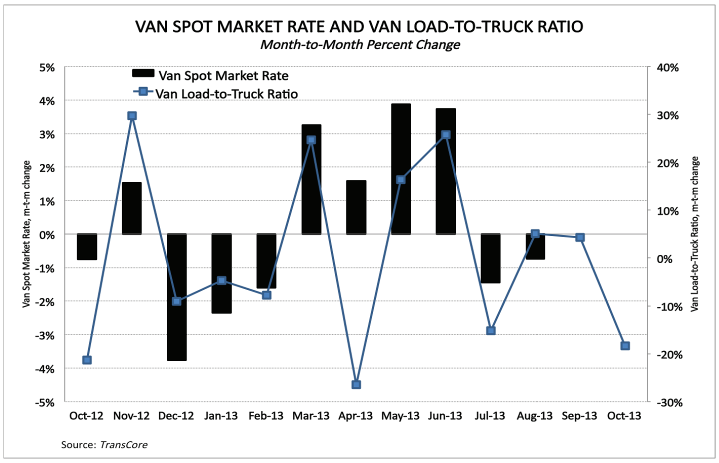
Container traffic at Port of Shenzhen continues to struggle, down 7.3 percent year-over-year in September, while traffic at Shanghai edged down 0.2 percent. Container traffic at Port of Qingdao continues on the uptrend, up 7.3 percent year-over-year in September.

TRUCKING

◆ *Freight index rose in October to a level atypically high for the season.*

Domestic Trucking Pricing





OCTOBER 2013: FREIGHT INDEX UP 24 PERCENT YEAR-OVER-YEAR

Spot market freight availability rose 1.9 percent in October, to a level that is atypically high for the season, according to the DAT North American Freight Index. Year-over-year, freight volume increased 24 percent, setting a same-month record for the fourth consecutive month. Load availability has remained elevated in the second half of the year, countering the more typical pattern of a second quarter peak followed by a decline in late summer.

October's strong spot market freight volume is consistent with other leading economic indicators that point toward expansion in the manufacturing and service sectors, including retail sales. Load availability increased 2.6 percent for vans and 2.3 percent for refrigerated trailers compared to September, but declined 3.5 percent for flatbeds. Compared to October 2012, van freight volume rose 4.4 percent, reefer loads added 22 percent and flatbed freight increased 24 percent.

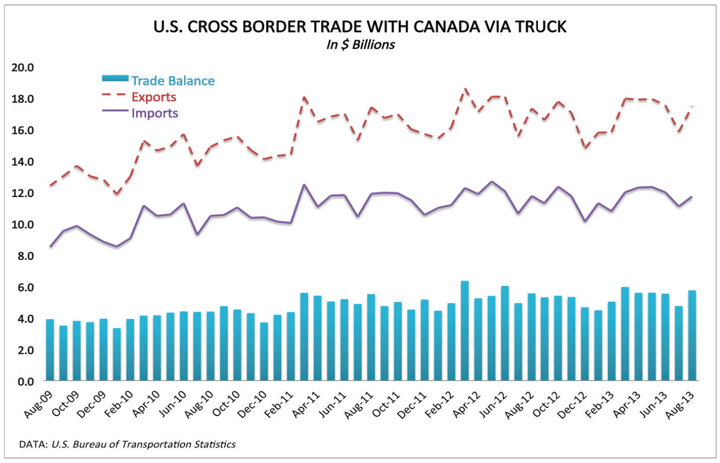
Spot market rates were unchanged for vans, but declined 1.9 percent for reefers and 2.5 percent for flatbeds, on a month-to-month basis. Compared to October 2012, van rates rose 3.8 percent and reefer rates increased 2.6 percent, but rates declined 7.1 percent for flatbeds.

DAT RateViewTM recorded no change in the national average spot market line-haul rate for dry vans in the U.S. in September compared to September 2012 not including fuel surcharges. The fuel surcharge for vans dropped 1 cent to 49 cents during the period, returning the total rate from $1.85 to the $1.84 per-mile average that matched the corresponding rate for August.

The stable rate was accompanied by a month-to-month increase of 2.6 percent in load availability and a 23 percent jump in truck capacity on the company's DAT Load Boards. This yielded an 18 percent decline in the load-to-truck ratio for dry vans on the spot market, from 2.8 available loads per truck in September to 2.3 in October.

On a year-over-year basis, load volume rose 4.4 percent for vans in October, while capacity expanded 7.3 percent. The resulting load-to-truck ratio rose 5.5 percent, from 2.2 to 2.3, compared to October 2012.

Van spot market rates rose 5 cents (3.8 percent) compared to October 2012, not including fuel surcharges that declined 3 cents (5.9 percent) in that period. The total rate, including the surcharge, increased 2 cents (1.1 percent) from $1.82 to $1.84 per mile.



U.S. TRADE SURPLUS WITH CANADA VIA TRUCK INCREASED BY $1 BILLION IN AUGUST

U.S. exports to Canada via truck rose modestly in August by 0.8 percent year-over-year, and totaled $17.5 billion. Exports to the U.S. northern neighbor are soft given the slowdown in the Canadian economy. Year-to-date, from January through August, exports to Canada via truck were down marginally, by 0.1 percent. This compares unfavorably with the 5.0 percent expansion seen in the same period in 2012.

U.S. imports from Canada via truck slid 0.4 percent in August year-over-year, and totaled $11.7 billion. Imports from Canada have declined in three of the last four months. Year-to-date, from January through August, U.S. imports from Canada via truck edged up 0.1 percent. This compares unfavorably with the 4.3 percent expansion seen over the same period in 2012.

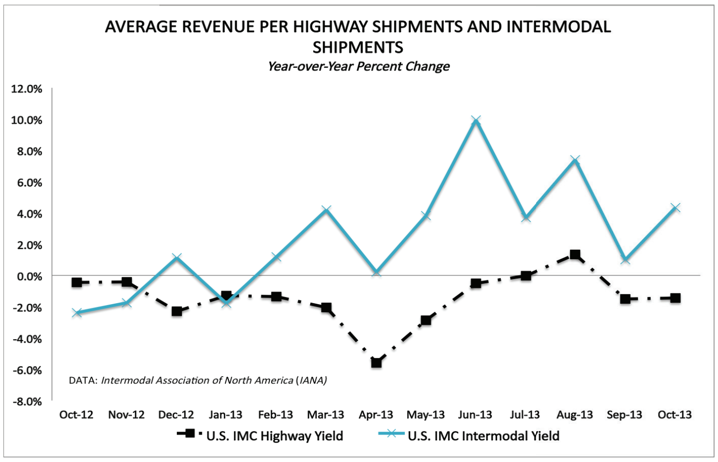
U.S. trade surplus with Canada via truck increased to $5.7 billion in August from $4.7 billion in July.

RAIL

◆ *U.S. exports to Canada via rail declined in August for the third straight month*

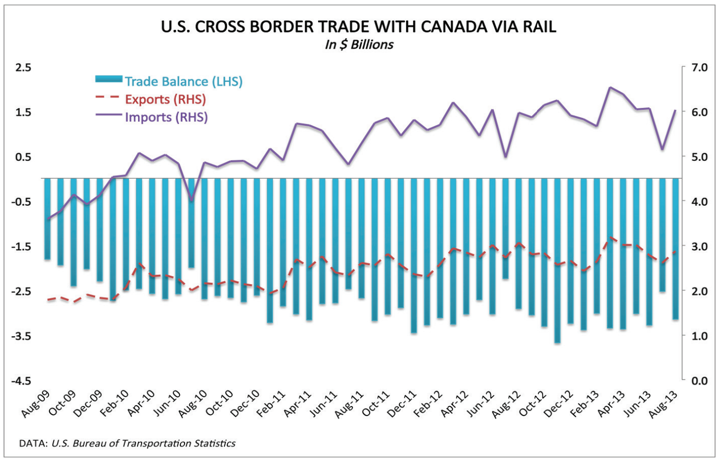
◆ *U.S. rail transportation of chemicals rebound as manufacturing orders rise*

The average revenue per highway load declined in October for the second straight month, down 1.4 percent year-over-year to $1,465. From September to October, the average revenue declined 0.5 percent (or $7).



OCTOBER 2013: AVERAGE REVENUE PER HIGHWAY SHIPMENTS DOWN 1.4 PERCENT; AVERAGE REVENUE PER INTERMODAL SHIPMEMTS UP 4.3 PERCENT

The average revenue per intermodal load advanced 4.3 percent to $2,729, after rising 1.0 percent in the prior month. From September to October, the average revenue declined 2.7 percent (or $75).



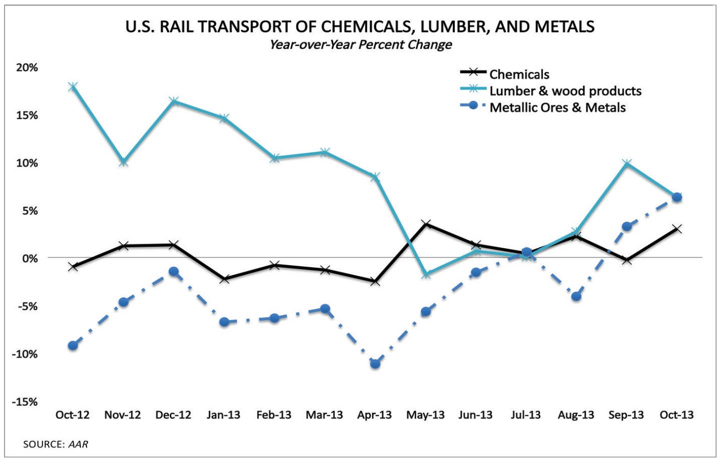
U.S. TRADE DEFICIT WITH CANADA VIA RAIL WIDENED IN AUGUST

U.S. exports to Canada via rail declined in August for the third straight month as the Canadian economy struggles to gather steam. Rail exports to Canada declined 5.9 percent in August year-over-year, totaling $2.9 billion, but were up 1.7 percent year-to-date through August. This compares unfavorably with the 15.1 percent year-over-year expansion seen in the same period in 2012. Exports via rail account for only 14 percent of the surface trade to Canada.

U.S. imports from Canada via rail edged up 0.9 percent in August year-over-year, and totaled $6.0 billion. Imports from Canada via rail have increased in 14 of the last 15 months.

Year-to-date, from January through August, U.S. imports from Canada via rail were up 4.1 percent year-over-year, and stood below the 8.2 percent year-over-year expansion seen in the same period in 2012.

The U.S. trade deficit with Canada via rail widened to $3.15 billion in August from $2.53 billion in July.



OCTOBER 2013: CHEMICALS UP 3.0 PERCENT; LUMBER UP 6.3 PERCENT; METALS UP 6.3 PERCENT

U.S. chemical carloads rebounded 3.0 percent year-over-year in October to total 149,500, underscoring the resilience of the manufacturing sector.

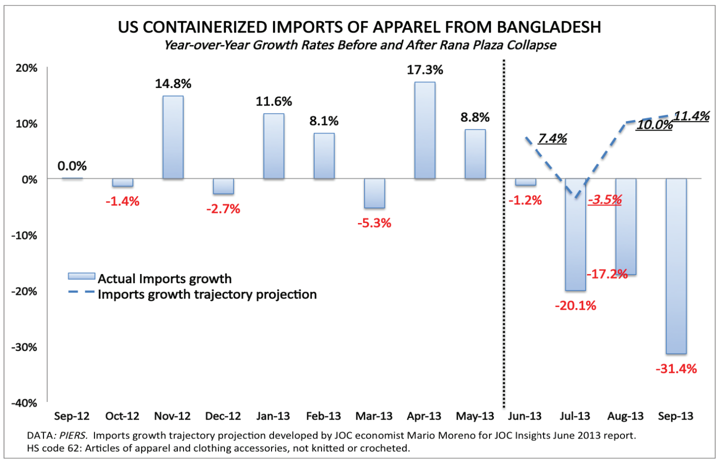
U.S. lumber and wood products carloads jumped 6.3 percent in October year-over-year, totaling 13,377. Rail transportation of lumber expanded as construction spending hit a near 4 ½-year high in August.

Growth in metallic ores and metals carloads sped to 6.3 percent in October after a 3.2 percent advance in September.

COMMODITY SNAPSHOT

- ***U.S. apparel imports from Bangladesh declined sharply after Rana Plaza collapse***
- ***Minimum wage for factory garment workers to rise 77 percent on Dec. 1***

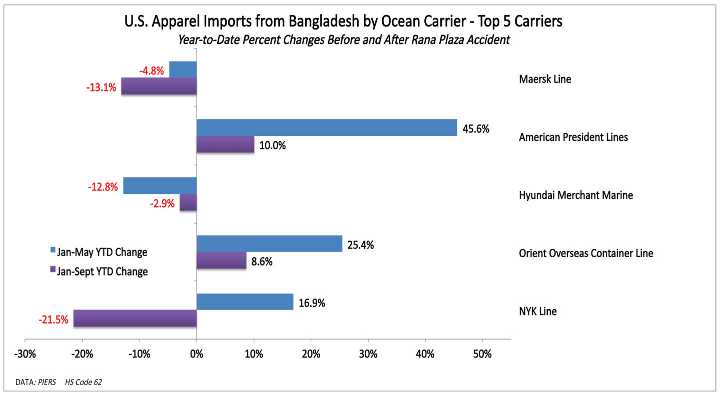
BANGLADESH-U.S. APPAREL TRADE



BANGLADESHI APPAREL EXPORTS TO U.S. DECLINE AFTER RANA PLAZA COLLAPSE

The cost of producing apparel in Bangladesh will likely rise markedly, negatively impacting volume exports to the U.S. Although the large-scale plan of inspecting all 5,000 factories is advancing at baby steps, some retailers have independently audited several suppliers, and in some cases found buildings close to collapse. These factories had to close doors until they improved their facilities to acceptable standards. Moreover, massive street demonstrations over the minimum wage have disrupted normal production hours at these apparel factories, which had an adverse impact over the volume of apparel exports to the U.S. since June.

According to PIERS data, Bangladeshi apparel exports to the U.S. by TEU volume declined for four consecutive straight months to September, year-over-year — a clear downward departure from its trajectory projection (See chart above). The most impacted month was September when volumes tumbled 31.4 percent year-over-year, far below the expectation for 11.4 percent growth. Through May, Bangladeshi apparel exports to the U.S. were up 7.6 percent; through September, volumes are down 3.5 percent.



NYK LINE EXPERIENCED MOST CONTRACTION IN BANGLADESH APPAREL VOLUME TRADE TO U.S.

Year-to-date through September, ocean carrier Maersk carried most inbound shipments of apparel from Bangladesh, followed by APL and Hyundai. The Rana Plaza disaster had a marked impact over volumes carried by the top ocean carriers. According to PIERS data, it appears NYK Line suffered the most. Through May, apparel imports from Bangladesh carried by NYK was up remarkably 16.9 percent, but year-to-date volumes through September are down sharply by 21.5 percent.

SHARE OF U.S. APPAREL IMPORTS AND ANNUAL GROWTH RATES (CONSTANT U.S. DOLLARS)

	SHARE OF IMPORTS				ANNUAL GROWTH RATES		
	2010	2011	2012	2013YTD	2011	2012	2013YTD
CHINA	**0.431**	**0.406**	**0.400**	**0.391**	**2%**	**-2%**	**3%**
BANGLADESH	**0.083**	**0.091**	**0.091**	**0.101**	**18%**	**-1%**	**8%**
VIETNAM	**0.071**	**0.075**	**0.078**	**0.085**	**14%**	**4%**	**17%**
MEXICO	**0.068**	**0.069**	**0.069**	**0.063**	**9%**	**-1%**	**-5%**
INDONESIA	**0.056**	**0.060**	**0.058**	**0.063**	**15%**	**-4%**	**9%**
INDIA	**0.051**	**0.052**	**0.050**	**0.052**	**9%**	**-4%**	**-4%**
ITALY	**0.022**	**0.024**	**0.025**	**0.025**	**20%**	**3%**	**2%**
SRI LANKA	**0.02**	**0.020**	**0.021**	**0.021**	**7%**	**3%**	**-4%**

Source: U.S. International Trade Commission; Author's own calculations
YTD: January through August. HS Code 62

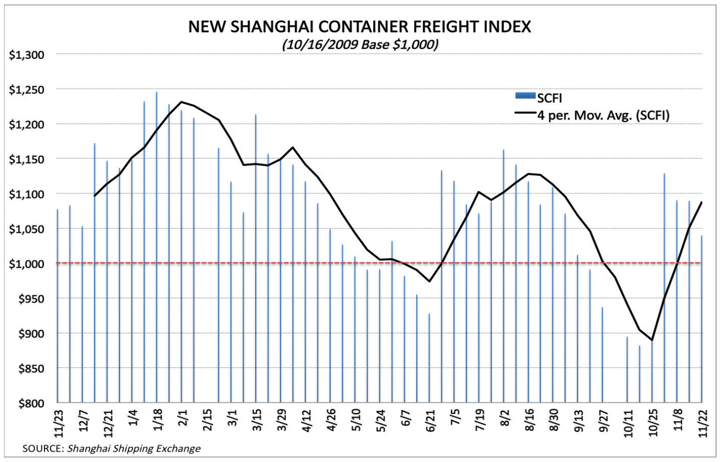
BANGLADESH SHARE OF U.S. APPAREL IMPORTS BY DOLLAR VALUE INCREASES DESPITE RANA PLAZA DISASTER

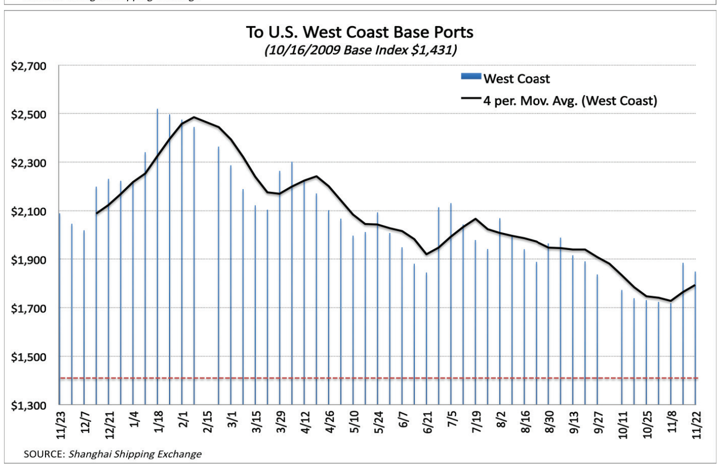
By dollar value, however, Bangladeshi apparel exports to the U.S. advanced in the last three months to August year-over-year, and are up 8 percent year-to-date through August. July and August are of particular interest, up remarkably by 18.2 percent and 17.5 percent, respectively, which could be a reflection of rising apparel production costs in Bangladesh. Even with the labor and social unrest spurred by the Rana Plaza collapse, Bangladesh is still the second-largest supplier of apparel (HS code 62) to the U.S. by dollar value with a 10.1 percent sourcing share, up 1 percent from 2012.

The proposed monthly wage hike of 77 percent was finally approved by factory owners; the minimum wage for the country's garment workers will rise on Dec. 1 from US$39 a month to US$67 a month, very close to Cambodia wages of $75 a month but still below China's $138 a month. Bangladeshi workers are not entirely satisfied with the 77 percent wage rise, while expressing they want to earn $100 a month at minimum. Thus, the struggle for higher wages and better work conditions continues, and it will likely be reflected in the volume data of Bangladeshi apparel exports for the rest of 2013 and beginning 2014.

INTERNATIONAL SHIPPING PRICES

◆ *Two-stage rate increase announced for the Asia-to-US trade lane*





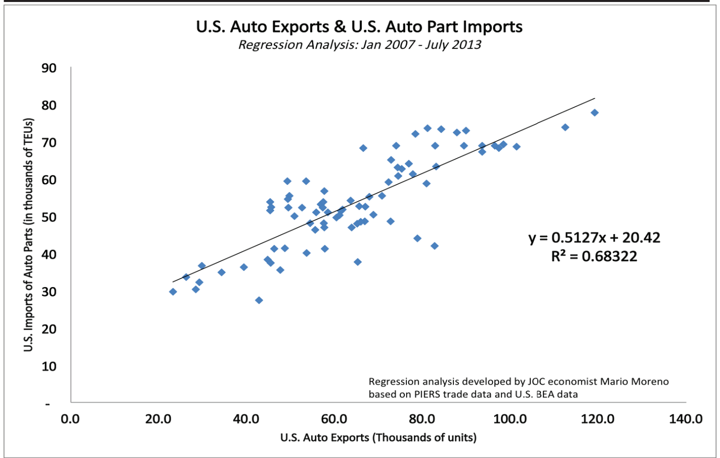
SHANGHAI CONTAINERIZED FREIGHT DECLINED THIRD CONSECUTIVE WEEK

The Shanghai Containerized Freight Index, which measures average export spot rates, dropped 4.6 percent on November 22 from the prior week to $1,039.50. The contraction is mostly attributed to losses in the Shanghai-Europe trade lanes.

On Nov. 22, the freight rate for the voyages from Shanghai to base ports on the U.S. West Coast was $1,849 per 40-foot-equivalent unit, down $36 from the preceding week. The freight rate has declined in nine of the last 10 weeks as modest demand in the trans-pacific cannot entirely absorb the extra capacity. China's containerized exports to the U.S. advanced 6 percent year-over-year in September.

The member lines in the Transpacific Stabilization Agreement are now attempting a 2-stage rate increase, adopting general rate increases of $200 per 40-foot container, effective Dec. 20, 2013, and $300 per 40-foot container, beginning Jan. 15, 2014, for the Asia-to-U.S. trade lane.

CORRELATIONS



IF AUTO EXPORTS RISE BY 10 UNITS, AUTO PARTS IMPORTS RISE BY 5 TEUS

Is there any linkage between auto exports and auto parts imports? Last year, U.S. exports of cars and light trucks totaled more than one million for the first time ever, and more than tripled from 2003, while U.S. imports of auto parts via ocean container totaled more than 800,000 TEUs – highest level recorded.

The correlation between the two variables is fairly strong, and a regression analysis gives an interesting estimation: if monthly exports of autos increase by 10 units, expected monthly imports of auto parts increase by approximately 5 TEUs. This coefficient is between 4 and 6 TEUs, with 95 percent confidence. U.S. auto exports are up by 69,000 units (or12 percent) year-to-date, through July.

The R-square gives a reading of 0.68, which means that about 68 percent of the variation in auto parts imports is explained by the regression on auto exports. Thanks to favorable exchange rates and labor costs, the U.S. auto industry is positioning itself as an emerging export powerhouse. Booming demand from emerging markets, however, could decelerate markedly if global financial conditions tighten further.

Honda Motors stated a few months ago that it expects to export more autos from North America, which most of them are produced in U.S. factories, than it ships from Japan by the end of 2014. Also, Chrysler expects that exports by the end of 2014 will top 500,000 vehicles a year to markets outside of North America, representing more than double the exports in 2012.

REGION CATEGORIES

NORTHEAST ASIA HONG KONG, JAPAN, MACAU, MONGOLIA, NORTH KOREA, PEOPLES REP OF CHINA, REPUBLIC OF KOREA, TAIWAN **SOUTHEAST ASIA** BRUNEI, CAMBODIA, INDONESIA, LAOS, MALAYSIA, MYANMAR, PHILIPPINES, SINGAPORE, THAILAND, VIETNAM **NORTHERN EUROPE** AUSTRIA, BELGIUM, CZECHOSLOVAKIA, DENMARK, ESTONIA, FINLAND, GEORGIA, GERMANY, HUNGARY, ICELAND, IRELAND, LATVIA, LITHUANIA, N FRANCE, NETHERLANDS, NORWAY, POLAND, RUSSIA, SWEDEN, SWITZERLAND, UNITED KINGDOM **MEDITERRANEAN** ALBANIA, AZORES, BULGARIA, CYPRUS, EGYPT, GIBRALTAR, GREECE, ISRAEL, ITALY, MALTA, MOROCCO MED, PORTUGAL, ROMANIA, S FRANCE, SPAIN, TURKEY, UKRAINE, YUGOSLAVIA **CENTRAL AMERICA** BELIZE, COSTA RICA, GUATEMALA, EL SALVADOR, HONDURAS, MEXICO, NICARAGUA, PANAMA **CARIBBEAN** BAHAMAS, BARBADOS, BERMUDA, CAYMAN IS, CUBA, DOMINICAN REPUBLIC, FRENCH WEST INDIES, HAITI, JAMAICA, LEEWARD & WINDWARD, NETHERLANDS ANTILLES, TRINIDAD & TOBAGO, TURKS CAN CAICOS **WEST COAST SOUTH AMERICA** CHILE, COLOMBIA, ECUADOR, PERU **EAST COAST SOUTH AMERICA** ARGENTINA, BOLIVIA, BRAZIL, FRENCH GUIANA, GUYANA, PARAGUAY, SURINAM, URUGUAY, VENEZUELA **MIDDLE EAST** AFGHANISTAN, BAHRAIN, IRAN, IRAQ, JORDAN, KUWAIT, LEBANON, OMAN, QATAR, SAUDI ARABIA, SYRIA, UNITED ARAB EMIRATES, YEMEN **OCEANIA** AUSTRALIA, FRENCH PACIFIC IS, NEW ZEALAND, OTHER PACIFIC IS, PAPUA NEW GUINEA, WESTERN SAMOA **INDIAN SUBCONTINENT** BANGLADESH, INDIA, NEPAL, PAKISTAN, SRI LANKA **AFRICA** ALGERIA, ANGOLA, BENIN, CAMEROON, CANARY IS, CONGO, DJIBOUTI, EQUATORIAL GUINEA, ETHIOPIA, GABON, GAMBIA, GHANA, GUINEA, IVORY COAST, KENYA, LESOTHO, LIBERIA, LIBYA, MADAGASCAR, MALAWI, MAURITIUS, MOROCCO (ATLANTIC COAST), MOZAMBIQUE, NAMIBIA, NIGERIA, REP OF SOUTH AFRICA, SENEGAL, SIERRA LEONE, ST. HELENA, SUDAN, SWAZILAND, TANZANIA, TOGO, TUNISIA, UGANDA, WESTERN SAHARA, ZAMBIA

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