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

JOC INSIGHTS

MAY 2013

THE SHIPPING ECONOMY

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

LARGELY BECAUSE OF A resumption of personal consumption spending growth the U.S. economy expanded by an annualized 2.5 percent in the first quarter of 2013, a sudden and welcome relief compared to the anemic 0.4 percent expansion posted in the last quarter of 2012. The first quarter performance of the economy climbed above 2012's full year growth of 2.2 percent and reflected the ability of the private sector to take the lead in generating growth as spending by State governments (down 1.2 percent) and the federal government (down 8.4 percent) contracted significantly. In addition, the economy has moved past the demand shock caused by Hurricane Sandy, and further has weathered the return of tenuous conditions in Europe and in the Middle East.

Real non-residential investment increased by 2.1 percent during the quarter, a sharp deceleration from the 14.2 percent increase posted in the last quarter of 2012 but encouraging given the remaining high degree of uncertainty regarding profit opportunities going forward. The housing market continued its forward momentum with investment in this sector rising by 12.6 percent. A large proportion of personal spending growth was accounted for by rising motor vehicle sales, which added 0.24 percentage points to the change in real GDP during the first quarter. Exports of goods and services recovered to positive growth during the quarter as well, adding 2.9 percent on an annualized basis. This was an especially welcome surprise given the ongoing poor conditions in Europe and the recent strength of the US dollar. Imports of goods and services also reversed course rising by an annualized 5.4 percent compared to a decline of 4.2 percent in the last quarter of 2012.

There are significant improvements in the above numbers particularly compared to what was close to negative growth in the last quarter of 2012. Mostly encouraging is the recovery of consumer spending which appears to be defying the failure of real wages to post appreciable growth. Instead, wages have been suppressed by continued sluggishness in the labor market especially the manufacturing sector. It is too early to assert the US economy is cleared for take-off from here but should it skirt several negative risks going forward, we could finally see near-trend level growth resume in 2014.

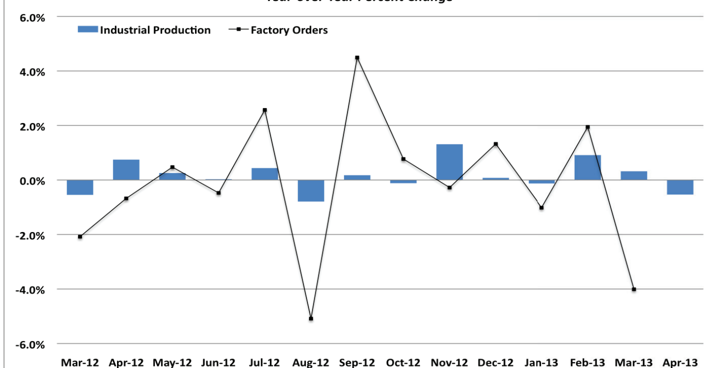
The PMI shows US manufacturing expanding for the fifth consecutive month but the overall reading was just 50.7, barely above the threshold indicating expansion. With export growth tapering off, reduced customer inventories and weakness in order backlogs, the near-term outlook for U.S. manufacturing appears stagnant.

This issue of JOC Insights presents my most updated import and export forecasts in the U.S. – Central America container trade for 2013, and a special analysis of U.S. avocados imports.

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

- ***U.S. manufacturing sector losing steam***
- ***U.S. ocean container trade accelerated the pace in February on easier year-over-year comparison***
- ***Furniture, computers, and toys led losses in March containerized imports***
- ***Retail sales surprised to the upside in April despite falling gasoline prices***
- ***Housing starts tumbled in April by most since February 2011***

U.S. INDUSTRIAL PRODUCTION AND FACTORY ORDERS
Year-over-Year Percent Change



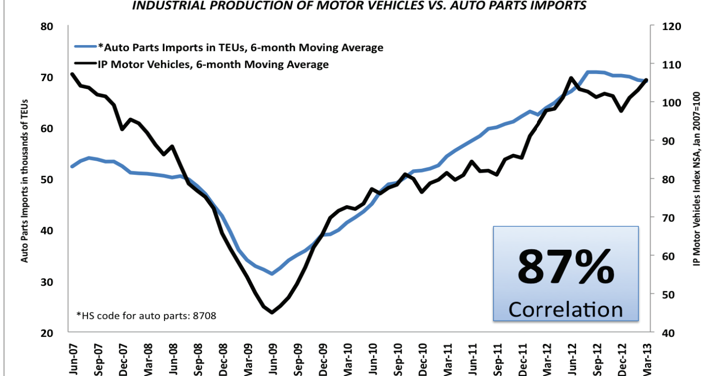
SOURCE: *U.S. Department of Commerce; Federal Reserve.*
Data is seasonally adjusted.

INDUSTRIAL PRODUCTION FELL BY BIGGEST AMOUNT IN 8 MONTHS

The decline in U.S. industrial production was the biggest in eight months. Manufacturing activity slowed, likely because of the economic slowdown in Asia and the persistent recession in the euro region. Overall production declined 0.5 percent in April, following a downward revised boost of 0.3 percent in March. Motor vehicles production fell 1.3 percent.

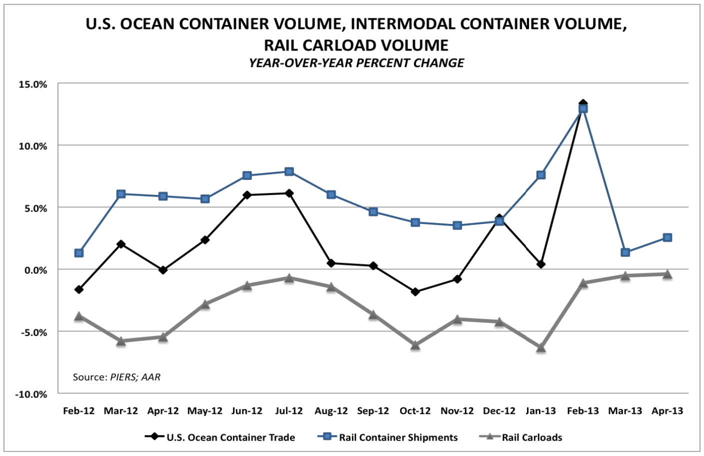
Robust demand for motor vehicles is highly important to the inbound trade of auto parts as evidenced by the strong correlation (+87 percent) between industrial production of motor vehicles and auto parts imports (in TEUs), shown below.

MANUFACTURING'S POWERFUL IMPACT ON AUTO PARTS IMPORTS
INDUSTRIAL PRODUCTION OF MOTOR VEHICLES VS. AUTO PARTS IMPORTS



Data provided by PIERS; Federal Reserve's Industrial Production. Correlation analysis developed by JOC economist Mario O. Moreno

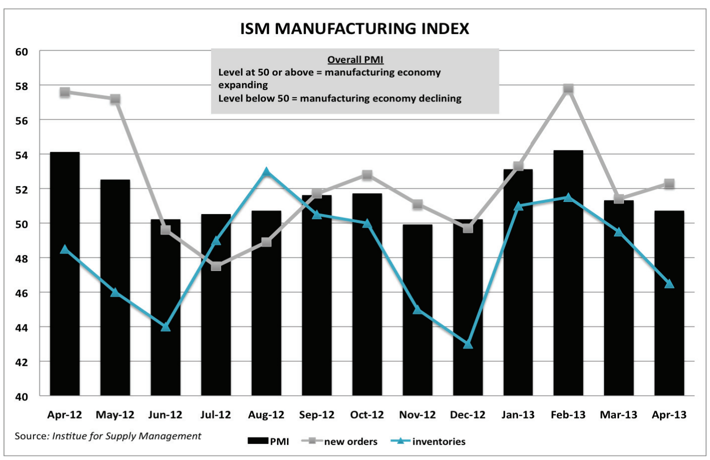
Manufacturing activity has lost some steam, and it appears the sector will be in a soft spot at least through the end of second quarter, further evidenced by the latest reports on business conditions of the manufacturing sectors of New York and the mid-Atlantic region.



U.S. OCEAN CONTAINER TRADE UP 13.4 PERCENT IN FEBRUARY

U.S. ocean container trade accelerated in February, mostly because of the late Lunar New Year shutdown of factories in China, which made it easy for year-over-year comparisons in imports. Total container trade increased 13.4 percent year-over-year, totaling 2.4 million TEUs in February.

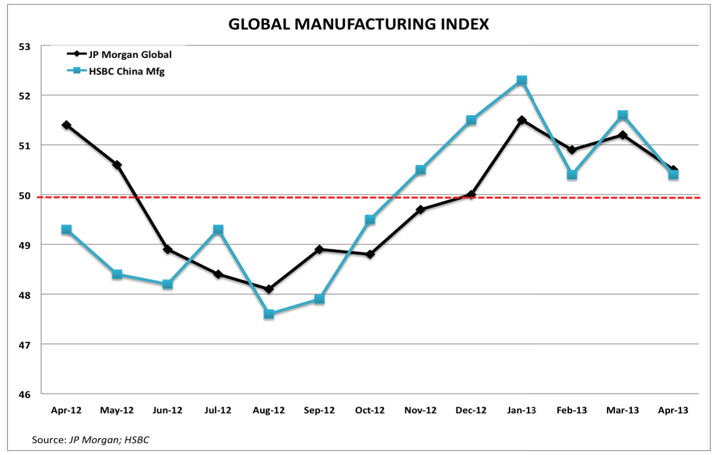
Rail container shipments picked up the pace, with growth of 2.5 percent year-over-year in April, following a 1.3 percent year-over-year gain in March. Rail carloads slipped 0.4 percent in April, after a 0.5 percent dip in the prior month. Carloads have declined for 14 consecutive months through April on a year-over-year basis.



APRIL 2013: U.S. MANUFACTURING INDEX DOWN 0.6 POINTS

The U.S. manufacturing index dipped again in April as hiring declined. The PMI index gave a reading of 50.7, down 0.6 points, indicating growth at a slower rate. Of the 18 manufacturing industries, 14 reported growth in the month. On the upside, new orders rose 0.9 points, suggesting manufacturing growth in the next couple of months. On the downside, inventories contracted faster, suggesting rising concern over future demand. Hiring declined 4 points to a reading of 50.2, indicating growth at a slower pace.

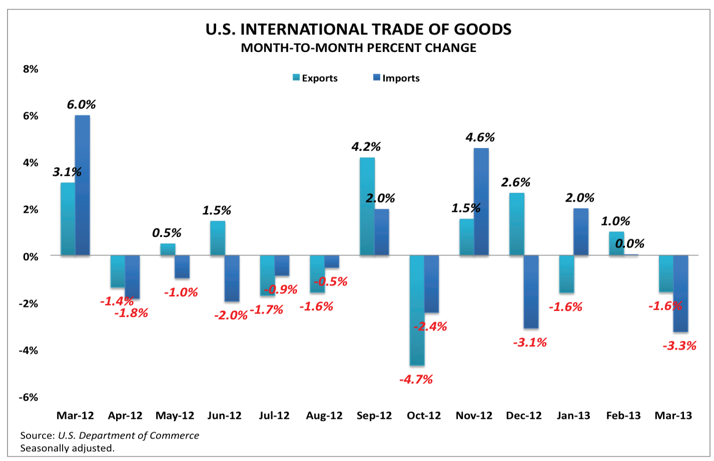
Factories pulled back in their inventory holdings as higher payroll taxes take hold and federal budget cuts continue. Manufacturing stalled a bit, but it appears this will be short-lived given the increase in new orders.



APRIL 2013: GLOBAL MANUFACTURING PMI SLID TO 50.5; CHINA MANUFACTURING PMI ROSE TO 50.4

The JPMorgan Global PMI decreased by 0.7 percentage point to 50.5 in April, signaling expansion for the fourth straight month but at a slower rate. Japan, South Korea, Indonesia and Vietnam were the only nations to report a faster rate of improvement in operating conditions during the month, while Europe remained the main drag.

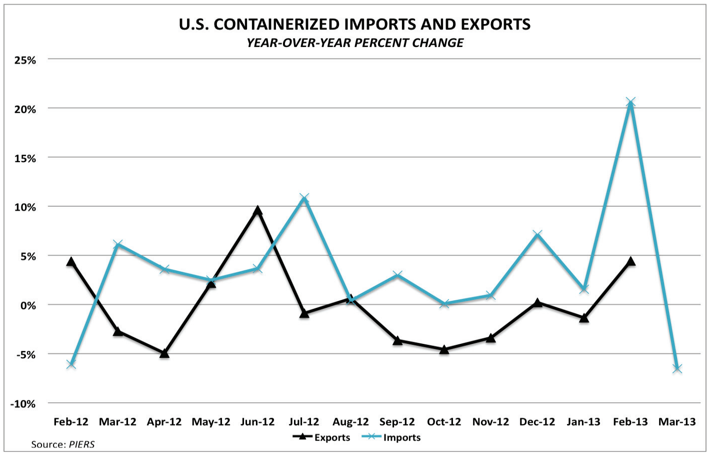
The HSBC China Manufacturing PMI came in at a 50.4 level, down 1.2 percentage point from March, indicating a marginal improvement of operating conditions in the Chinese manufacturing sector. New export orders declined as demand from European and U.S. markets remains soft. U.S. containerized imports from China fell 18 percent in March year-over-year.



MARCH 2013: U.S. GOODS EXPORTS DOWN 1.6 PERCENT; GOODS IMPORTS DOWN 3.3 PERCENT

U.S. exports of goods declined 1.6 percent in March from February, totaling $128.6 billion in the month. Losses were seen in foods, feeds and beverages, $1.1 billion; motor vehicles, $0.3 billion; and industrial supplies, $0.3 billion. Gains were seen in other goods, $0.2 billion.

U.S. imports of goods dropped 3.3 percent in March from the month before, totaling $184.5 billion. Losses were seen in consumer goods, $3.4 billion; capital goods, $1.5 billion; and industrial supplies, $1.4 billion. Gains were seen in other goods, $0.9 billion. The deficit in the goods trade narrowed 7.0 percent to $55.9 billion (census basis).



U.S. CONTAINER TRADE

	FEB-13	MAR-13	MOM	YOY	YTD	2013(F)
IMPORTS	**1,427**	**1,268**	**-11.1%**	**-6.5%**	**4.4%**	**2.6%**
EXPORTS	**1,008**	**N/A**	**5.3%**	**4.4%**	**1.5%**	**1.9%**

*Source: PIERS, JOC Container Shipping Outlook, March 2013 *In Thousands of TEUs*

U.S. CONTAINERIZED IMPORTS DOWN 6.5 PERCENT IN MARCH; EXPORTS UP 4.4 PERCENT IN FEBRUARY

U.S. imports dropped markedly in March as a late Lunar New Year shutdown of factories in China induced tough year-over-year comparisons. Overall U.S. containerized imports declined 6.5 percent in March 2013 over March 2012 to a total of 1,267,758 TEUs. Month-to-month, overall imports declined 11.1 percent.

Leading the losses were furniture, down 15,303 TEUs; computers, off 6,063 TEUs; toys, down 5,427 TEUs; and lamps and parts, down 3,262 TEUs.

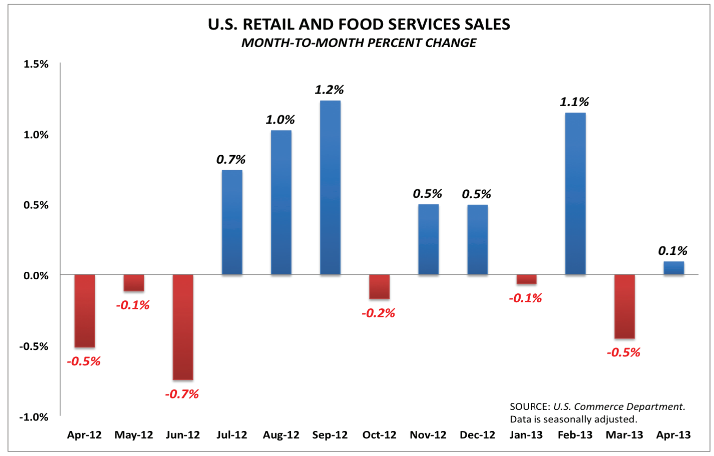
On a regional level, Northeast Asia led the losses, with volume down 115,854 TEUs or 15 percent, followed by east coast of South America, where volume fell 840 TEUs or 3 percent. On the upside, shipments from Central America increased 10,823 TEUs or 15 percent.

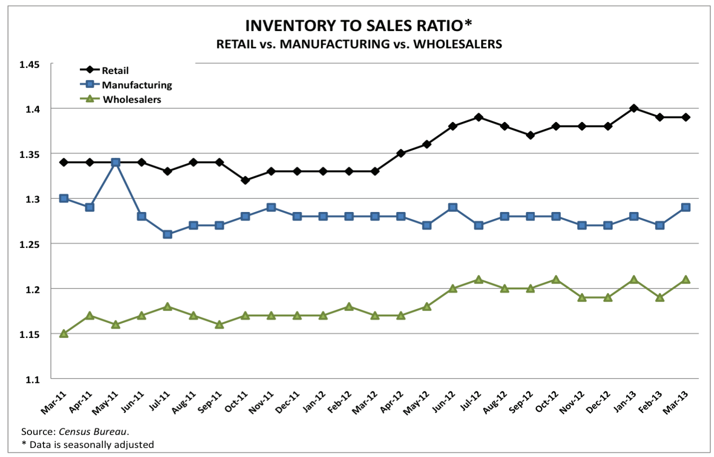
On a country level, shipments from China declined the most, down 106,752 TEUs or 18 percent. Hong Kong follows with a loss of 7,614 TEUs or 27 percent, while imports form Taiwan declined 6,480 TEUs or 16 percent. On the upside, shipments from Japan increased 6,902 TEUs or 13 percent.

Year-to-date through March, imports were up 4.4 percent and totaled 4.2 million TEUs.

U.S. containerized exports rebounded in February following a modest contraction in the prior month, according to preliminary figures from PIERS. Overall U.S. containerized exports increased 4.4 percent year-over-year in February to 1,008,276 TEUs, following a downward revision of 1.4 percent in January. Gains were led by soybeans, up 10,345 TEUs; fabrics, including raw cotton, up 8,499 TEUs; paper and paperboard, up 7,194 TEUs; and edible nuts, up 5,611 TEUs. On the downside, exports of pet and animal feeds were off 2,290 TEUs, and oranges were down 882 TEUs compared to February 2012.

On a country level, shipments to China gained the most, up by 12,421 TEUs and totaling 248,441 TEUs. Vietnam followed with a gain of 7,524 TEUs, while Turkey advanced 6,401 TEUs. On the downside, exports to Japan declined 4,072 TEUs and totaled 67,723 TEUs in the month.





APRIL 2013: U.S. RETAIL SALES UP 0.1 PERCENT

Retail sales increased in April despite falling gasoline prices. Sales edged up 0.1 percent in the month, following a downward revised 0.5 percent contraction in March. Experts called for a contraction of 0.3 percent in the month. Auto sales unexpectedly rose 1.0 percent after a 0.6 percent decline in March. Excluding autos, sales dipped 0.1 percent following a 0.4 percent decline in the prior month. Gains were seen in building materials and garden equipment; nonstore retailers; and food services and drinking places.

Year-over-year, April overall retail sales accelerated the pace to 3.7 percent from 3.1 percent in March.

U.S. HOUSING MARKET

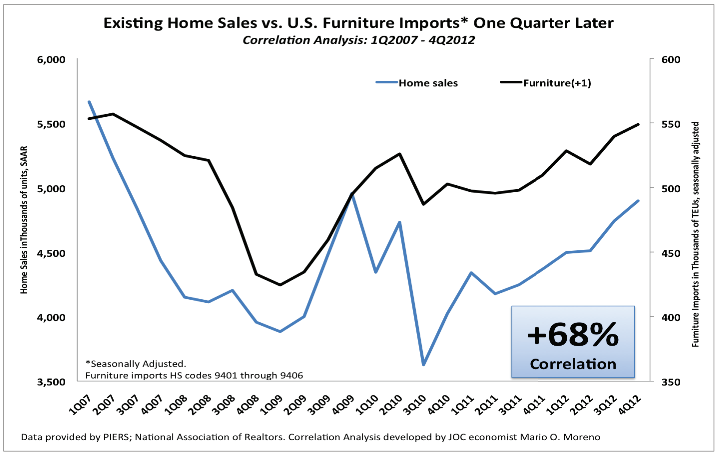
	APR-13	MOM	YOY	2013(F)
EXISTING HOME SALES	**4,970**	**0.6%**	**9.7%**	**5%**
NEW HOME SALES	**454**	**2.3%**	**29.0%**	**26%**
HOUSING STARTS	**853**	**-16.5%**	**13.1%**	**19%**

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

APRIL 2013: EXISTING HOME SALES UP 0.6 PERCENT; NEW HOME SALES UP 2.3 PERCENT; HOUSING STARTS DOWN 16.5 PERCENT

Sales of existing homes in April saw a boost of 0.6 percent and followed a dip of 0.2 percent in March. Supply rose to 5.2 months from 4.7 months, while the median time for a house on the market dropped sharply to 46 days from 62 days in the prior month.

Shippers, ports, carriers must watch home sales closely because sales boost consumption of top import good by volume: furniture.



I developed this correlation analysis to demonstrate the tremendous influence of the housing recovery over containerized imports, more specific: furniture. There exists a solid positive correlation between existing home sales and U.S. furniture imports one quarter later (seasonally adjusted) of 68 percent. Other correlations were developed for furniture imports two quarters later (65 percent), three quarters later (60 percent) and four quarters later (33 percent), but furniture imports one quarter later display the highest correlation coefficient. In other words, it appears home sales have a stronger impact of furniture imports one quarter later than in subsequent quarters.

Furniture accounts for about 10 percent of all inbound containerized shipments, and the spillover effects of home sales are undeniable.

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

COUNTRY	Q2-2012	Q3-2012	Q4-2012	Q1-2013(E)	2013(F)	2014(F)
UNITED STATES	**2.1**	**2.6**	**1.7**	**1.8**	**1.9**	**2.4**
CHINA	**7.6**	**7.4**	**7.9**	**8.3**	**8.4**	**7.8**
JAPAN	**4.0**	**0.4**	**0.4**	**0.0**	**1.2**	**2.1**
UNITED KINGDOM	**0.0**	**0.4**	**0.2**	**0.6**	**0.5**	**1.1**
GERMANY	**1.0**	**0.9**	**0.3**	**-0.3**	**0.4**	**1.1**

** 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 May 20, 2013

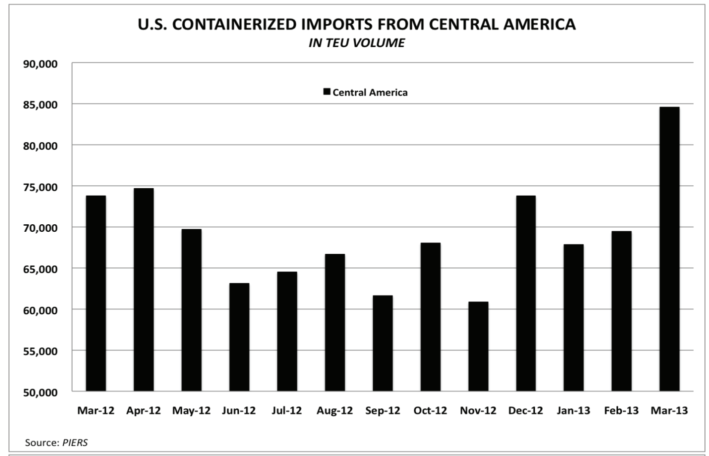
While the slowing of the global economy in 2012 dampened growth prospects for 2013 and 2014, the first quarter of 2013 has marked — to a limited degree — a return to financial stability, even if imbalances remain. In the U.S., the "fiscal cliff" was avoided, but the longer-term debt burden looms over longer-term prospects. In Europe, the real threat of a collapse of the euro has been averted but at the cost of severe unemployment across the continent and a prolonged recession that is likely to continue through the remainder of this year.

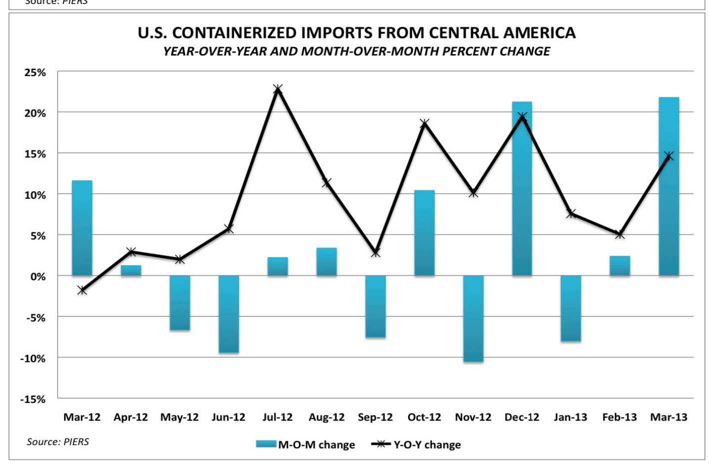
In their latest World Economic Outlook, the IMF is predicting a 0.3 percent contraction in the euro area for 2013. Growth in this region will return in 2014 but at a sluggish 1.1 percent pace. This is not good news for the unemployed of Europe who will have to wait another two or even three years before labor market conditions improve. For the U.S., the IMF predicts growth of just 1.9 percent in 2013, but a return to a near-trend level 3.0 percent in 2014.

REGIONAL CONTAINER TRADE

- ***Imports from Central America to rise 8.4 percent in 2013***
- ***Exports to Central America to drop 1.0 percent in 2013***

IMPORTS FROM CENTRAL AMERICA





IMPORTS, MARCH 2013

	TEUS	MOM	YOY	YTD	2013(F)
CENTRAL AMERICA	**84,574**	**21.8%**	**14.6%**	**9.3%**	**8.4%**

Source: JOC-PIERS Container Shipping Outlook March 2013 issue

MARCH 2013: IMPORTS FROM CENTRAL AMERICA UP 14.6 PERCENT

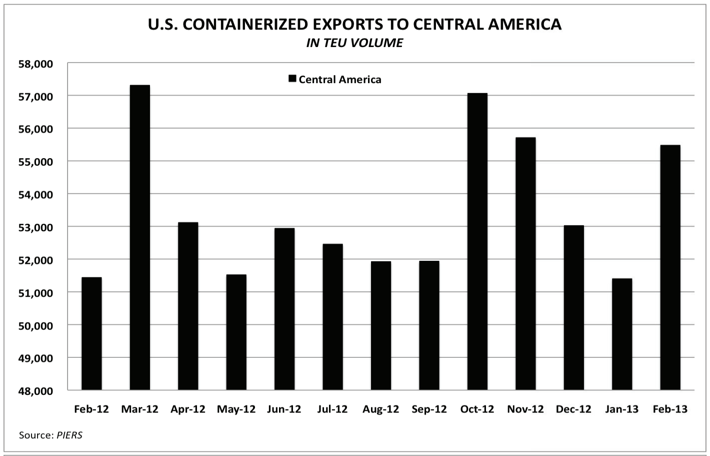
Inbound trade from Central America totaled 84,574 TEUs in March, up 14.6 percent from March 2012. The trade has grown for 12 consecutive months. March volume gains were mostly driven by bananas, up 3,265 TEUs; pineapples, up 1,358 TEUs; underwear, t-shirts, up 1,045 TEUs; and women's and infant wear, up 603 TEUs. Year-to-date, imports from Central America were up 9.3 percent.

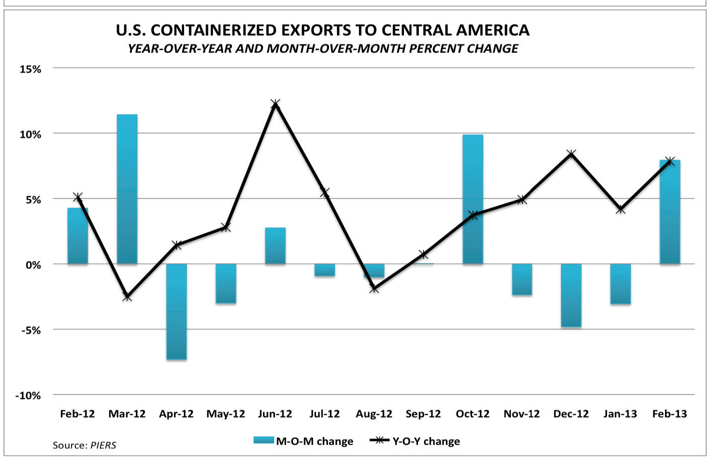
I expect continued growth in horticultural products, particularly from Honduras and Costa Rica where the output of bananas and pineapples continues to expand. Much of the regional growth, however, will derive from the trade in wearing apparel in Nicaragua and in El Salvador where costs, CAFTA status, low wages and increased capital investment have made these nations competitive with other producers across the globe.

For example, in Nicaragua, the U.S. company Millknit Industries has begun operations in the first quarter of 2013 producing fabric for apparel plants in Nicaragua's maquilladora sector. In El Salvador, the new free zones law has caught the interest of investors and will support an expansion of textiles and wearing apparel during the forecast period.

Imports from Central America are forecast to grow 8.4 percent, slightly upgraded from the previous forecast of 8.0 percent.

EXPORTS TO CENTRAL AMERICA





EXPORTS, FEBRUARY 2013

	TEUS	MOM	YOY	YTD	2013(F)
CENTRAL AMERICA	**55,475**	**7.9%**	**7.8%**	**6.1%**	**-1.0%**

Source: JOC-PIERS Container Shipping Outlook March 2013 issue

FEBRUARY 2013: EXPORTS TO CENTRAL AMERICA UP 6.8 PERCENT

Exports to Central America totaled 55,475 TEUs in February, up 7.8 percent year-over-year. The trade has grown for six straight months. February volume gains were mostly driven by paper scrap, up 1,127 TEUs; miscellaneous grocery products, up 452 TEUs; and plastic products, 449 TEUs. Year-to-date, exports to Central America totaled 106,875 TEUs, up 6.1 percent.

While improved regional textile and apparel industry output will support positive growth of U.S.-sourced inputs, there is also a widening consensus that the European market is shrinking, at least in the near term. Lessening demand in Europe will erode the region's export earnings even as U.S. demand accelerates.

Exports to Central America are forecast to decline 1.0 percent in 2013.

PORT TRAFFIC

- *Port of Los Angeles was U.S. top port by volume through February, with a total traffic of 923,000 fully loaded TEUs.*
- *Port of Shanghai is China's top port by volume with a total traffic of 7.802 million fully loaded and empty TEUs through March.*

TOP 10 CONTAINER THROUGHPUTS OF U.S. MAJOR PORTS

In February 2012 Unit: 1000 TEU

RANK NAME OF PORT	CURRENT MONTH	YOY CHANGE (%)	TOTAL THOUGHTPUT IN 2012
1 LOS ANGELES	**450**	**9.0%**	**923**
2 LONG BEACH	**418**	**55.1%**	**845**
3 NEW YORK	**317**	**-7.6%**	**645**
4 SAVANNAH	**191**	**3.5%**	**374**
5 VIRGINIA PRTS	**140**	**13.4%**	**268**
6 OAKLAND	**133**	**14.0%**	**262**
7 HOUSTON	**118**	**10.7%**	**244**
8 CHARLESTON	**112**	**16.4%**	**210**
9 SEATTLE	**93**	**-4.2%**	**189**
10 TACOMA	**106**	**79.0%**	**214**

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

- Top 10 ports handled 85 percent of the total U.S. container trade in February.
- Container traffic at top-ranked Port of Los Angeles advanced 9.0 percent year-over-year in February and totaled 450,000 fully loaded TEUs.

TOP 10 CONTAINER THROUGHPUTS OF CHINA'S MAJOR PORTS

In March 2013 Unit: 1000 TEU

RANK NAME OF PORT	CURRENT MONTH	YOY CHANGE (%)	TOTAL THOUGHTPUT IN 2013
1 SHANGHAI (上海)	**2,875**	**5.3%**	**7,802**
2 SHENZHEN (深圳)	**1,757**	**-0.6%**	**5.290**
3 NINGPO ZHOUSHAN (宁波—舟山)	**1,373**	**6.5%**	**4,161**
4 QINGDAO (青岛)	**1,421**	**15.8%**	**3,916**
5 GUANGZHOU (广州)	**1,240**	**-3.7%**	**3,236**
6 TIANJIN (天津)	**1,103**	**10.0%**	**3,000**
7 DALIAN (大连)	**696**	**26.1%**	**2,038**
8 XIAMEN (厦门)	**670**	**24.8%**	**1,760**
9 LIANYUNGANG (连云港)	**453**	**12.4%**	**1,339**
10 YINGKOU	**490**	**9.6%**	**1,331**

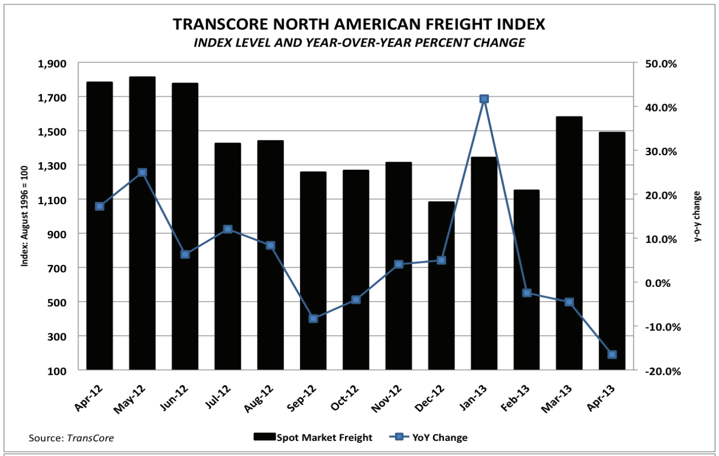
Source: Shanghai Shipping Exchange. Data represents fully-loaded and empty container figures. Data is refreshed frequently.

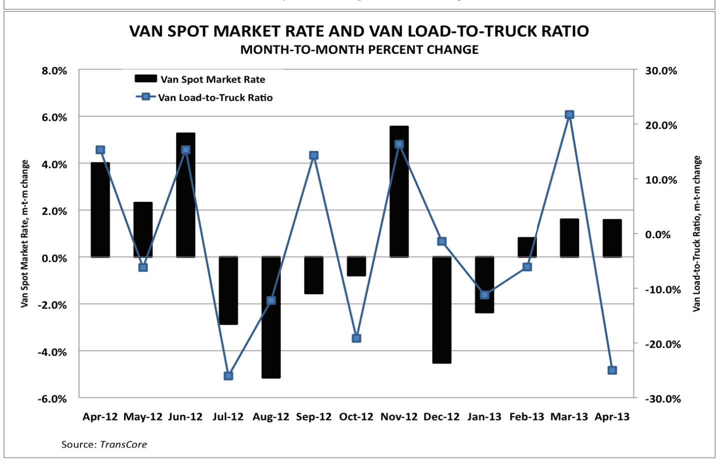
- Container traffic at top-ranked Port of Shanghai increased 5.3 percent in March, totaling 2.9 million TEUs, including empties.

TRUCKING

- *Rates rose across all equipment types despite softness in spot market freight volumes*

DOMESTIC TRUCKING PRICING





APRIL 2013: FREIGHT INDEX DOWN 16.5 PERCENT

Spot market freight volumes reported by the DAT North American Freight Index declined 16 percent compared to the record April high in 2012. The year-over-year freight declines were seen across all equipment types: van load freight volume declined 20 percent, refrigerated ("reefer") loads slipped 10 percent, and flatbed freight dropped 15 percent.

At a time of year when a month-to-month increase in spot market freight volume is expected, the DAT Freight Index declined 5.8 percent. Although atypical, freight volumes are reminiscent of those experienced in April 2011. Unusually inclement weather, including floods in the upper Midwest, may have been a factor. Freight availability declined 14 percent for vans and 17 percent for reefers, but rose 6.6 percent for flatbeds, compared to March.

Year-over-year, April spot market rates declined along with demand for vans and flatbeds, but reefer rates increased. Van rates slipped 0.8 percent and flatbeds dropped 5.3 percent, while reefer rates rose 2.0 percent.

Despite the softness in spot market freight volumes, rates rose in April across all equipment types, compared to March. Van rates rose 0.8 percent, flatbed rates increased 4.5 percent, and reefer rates climbed 5.5 percent.

DAT RateViewTM recorded a 2 cent (1.6 percent) increase in the national average spot market line-haul rate for dry vans in the U.S. in April compared to March, not including fuel surcharges. The fuel surcharge for vans declined to 48 cents in April from 51 cents in March, so the total rate per mile declined by 1 cent (0.6 percent) to $1.77, the average for February.

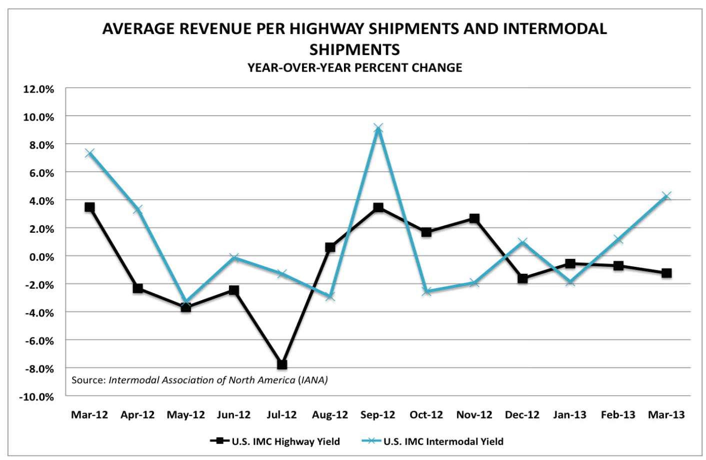
While the average rate was relatively stable, it was accompanied by a 14 percent drop in load availability and a 20 percent increase in truck capacity, month-to-month, on the company's DAT Load Boards, yielding a 27 percent decline in the load-to-truck ratio for dry vans on the spot market, from 2.8 available loads per truck in March (revised upward from last month's report) to 2.1 in April. Such a decline is atypical for the season and may be due to severe weather conditions during the month of April.

On a year-over-year basis, load volume for vans in April was down 20 percent, while capacity rose 34 percent. The resulting load-to-truck ratio declined 40 percent compared to April 2012.

Van spot market rates increased 1 cent (1.6 percent) compared to April 2012, not including fuel surcharges, which declined 11 percent in that period.

RAIL

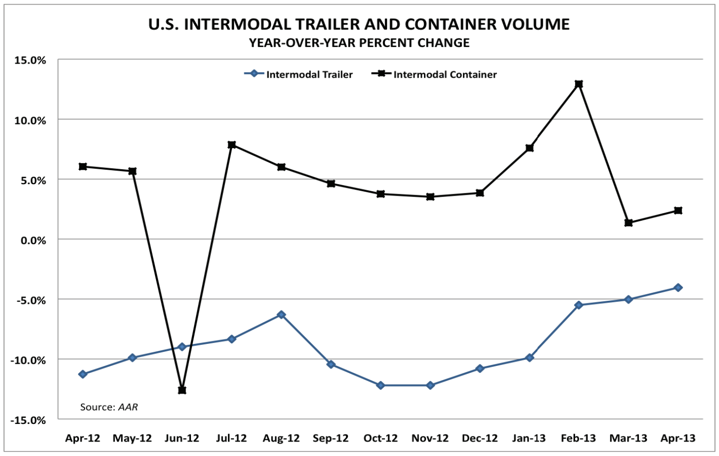
- *Average revenue per highway load down for four straight months*
- *U.S. rail transportation of metals down for 10 consecutive months*



MARCH 2013: AVERAGE REVENUE PER HIGHWAY SHIPMENTS DOWN 1.2 PERCENT; AVERAGE REVENUE PER INTERMODAL SHIPMENTS UP 4.3 PERCENT

The average revenue per highway load declined in March for the fourth straight month, down 1.2 percent year-over-year to $1,430, and followed a 0.7 percent dip in the prior month. From February to March, the average revenue increased 0.8 percent or $11.

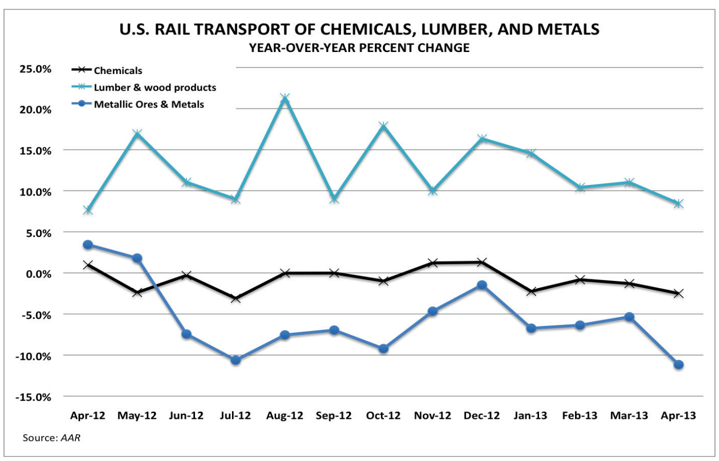
The average revenue per intermodal load advanced 4.3 percent after rising 1.2 percent in the prior month. The average revenue totaled $2,731. From February to March, the average revenue increased 4.0 percent or $104.



APRIL 2013: INTERMODAL TRAILERS DOWN 5.0 PERCENT; INTERMODAL CONTAINERS UP 1.3 PERCENT

U.S. railroads originated 111,902 trailers and 850,117 containers in April. Intermodal containers expanded 2.4 percent year-over-year, following a boost of 1.3 percent in the prior month. Intermodal trailers declined 4.0 percent year-over-year after falling 5.0 percent the prior month. Intermodal trailers have now declined for 15 consecutive months.

Intermodal traffic grew 1.6 percent or 15,053 intermodal units in April year-over-year. Year-to-date, intermodal volume was up 4.4 percent, and totaled 4,046,935 units.



APRIL 2013: LUMBER UP 8.4 PERCENT; CHEMICALS DOWN 2.5 PERCENT; METALS DOWN 11.2 PERCENT

U.S. chemical carloads declined 2.5 percent in April year-over-year to a total of 119,573.

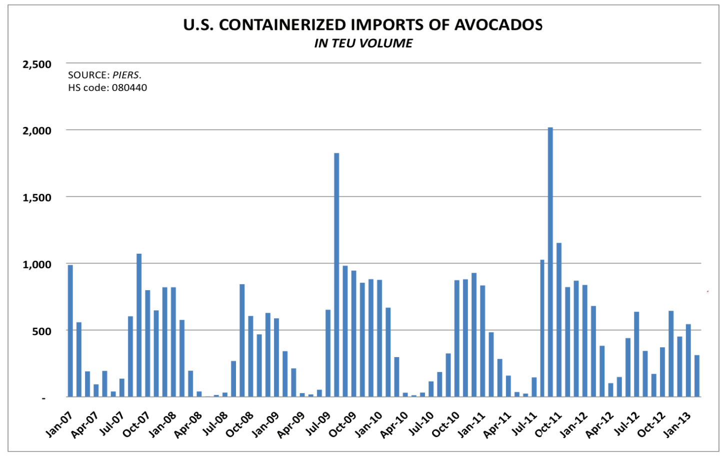
Growth in U.S. lumber and wood products carloads increased 8.4 percent year-over-year in the month to total 14,035, marking the 22nd consecutive year-over-year monthly advance. A continuing recovery in the housing market is supporting transportation of lumber.

Growth in metallic ores and metals carloads contracted for the 10th straight month, down 11.2 percent year-over-year in April after a drop of 5.3 percent year-over-year in March.

COMMODITY SNAPSHOT

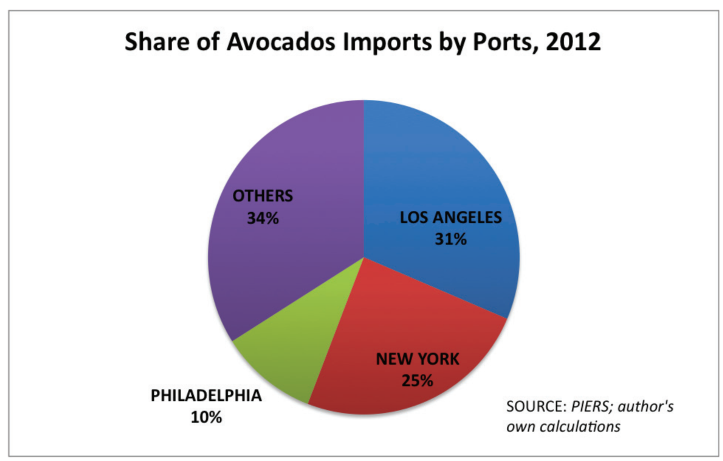
- ***U.S. containerized imports of avocados down for seven straight months through February.***
- ***Peru rapidly gains share of U.S. avocados imports***

SELECTED COMMODITY: AVOCADOS



AVOCADOS IMPORTS DOWN FOR SEVEN STRAIGHT MONTHS

U.S. containerized imports of avocados (HS code 080440) in February, totaling 312 TEUs, tumbled 54.1 percent year-over-year. This marks the 7th straight monthly decline for avocados imports. For all of 2012, imports totaled 5,210 TEUs, down 33.7 percent from the prior year. In 2011, imports jumped 50.4 percent year-over-year, mostly because of the U.S. lifting its ban on Peruvian avocado shipments. Between 2007 and 2012, total imports declined at a compound annual growth rate of -3.2 percent.



PORT OF LOS ANGELES HELD LARGEST SHARE OF AVOCADOS IMPORTS IN 2012

The Port of Los Angeles handled the most inbound shipments of avocados in 2012, accounting for a 31 percent share of all avocado imports, up 3 points from 2011. The largest suppliers of avocados shipped from the Port of Los Angeles last year were Chile and Peru.

The Port of New York and New Jersey held a 25 percent share of avocado imports into the U.S., followed by Philadelphia with a 10 percent share. The three ports handled 66 percent of all inbound shipments of avocados last year.

SHARE OF US AVOCADO IMPORTS AND ANNUAL GROWTH RATES

(Constant US Dollars)

	SHARE OF IMPORTS			ANNUAL GROWTH RATES		
	2010	2011	2012	2010	2011	2012
MEXICO	0.853	0.843	0.886	-15%	57%	-1%
CHILE	0.120	0.105	0.055	-44%	39%	-51%
PERU	0.000	0.030	0.038	823%	9871%	17%
DOMINICAN REP	0.026	0.020	0.021	13%	21%	0%

Source: International Trade Commission; author's own calculations

PERU RAPIDLY GAINING SHARE OF U.S. AVOCADOS IMPORTS

Mexico, Chile, Peru and Dominican Republic are the main suppliers of avocados to the U.S., as measured by U.S. dollar import value.

Mexico is the biggest supplier with a share of 88.6 percent, up 4.3 percent in 2012 year-over-year and 3.3 percent above 2010. Imports from Mexico totaled $762.3 million in 2012, down 1 percent from 2011. Second-ranked supplier Chile has seen its share decline over the last two years, from 12 percent in 2010 to 10.5 percent in 2011 and down to 5.5 percent in 2012. Third-ranked Peru, however, has rapidly gained share of the U.S. avocado import market, growing from less than one-tenth of a percent in 2010 to 3.8 percent in 2012. In U.S. dollar value terms, imports of Peruvian avocados rose nine times in 2010 and 100 times in 2011, mostly owed to the lifting of a ban on Peruvian Hass avocados in 2010. Despite production growth of 82 percent, exports of Peruvian avocados to the U.S. markedly slowed the pace last year, likely because most production gains came from growing a type of avocado oriented for domestic consumption only. U.S. imports of Peruvian avocados totaled $32.3 million in 2012, up sharply from only $30,000 in 2009.

The Dominican Republic is the fourth-biggest supplier, holding a 2.1 percent share of imports, up 0.1 percent from 2011 but down 0.5 percent from 2010. Imports in U.S. dollar value terms were merely unchanged in 2012 over prior year.

U.S. avocado imports totaled $860.1 million in 2012, down 5.8 percent from 2011.

TOP COMMODITIES: CENTRAL AMERICA

TOP US IMPORTS FROM CENTRAL AMERICA IN TEUS, MARCH 2013

RANK	COMMODITIES	TEUS	MOM	YOY	YTD
1	BANANAS	28,137	11%	13%	18%
2	FRUITS, MISC.	14,636	67%	18%	14%
3	PINEAPPLE, EXCEPT CANNED	6,144	41%	28%	11%
4	VEGETABLES	4,249	-12%	8%	4%
5	MENSWEAR	3,053	7%	-19%	-20%
6	UNDERWEAR, T-SHIRTS	2,999	39%	53%	28%
7	APPAREL, MISC.	2,722	10%	18%	13%
8	EMPTY CONTAINERS, DRUMS	2,496	81%	652%	425%
9	WOMEN'S & INFANTWEAR	2,492	17%	32%	17%
10	COFFEE	2,122	47%	4%	5%

Source: PIERS

The top U.S. containerized import commodity from Central America in March 2013 was bananas, with growth of 13 percent from March 2012. The top 10 commodities shown above accounted for 82 percent of the total box import trade from Central America.

TOP US EXPORTS TO CENTRAL AMERICA IN TEUS, FEBRUARY 2013

RANK	COMMODITIES	TEUS	MOM	YOY	YTD
1	PAPER&PAPERBOARD/WASTE	8,794	17%	15%	12%
2	FABRICS, INCL. RAW COTTON	3,564	6%	2%	0%
3	GROCERY PRODS, MISC.	3,064	7%	17%	16%
4	YARNS, MISC.	2,889	28%	3%	-2%
5	AUTOMOBILES	2,562	-2%	-15%	0%
6	APPAREL, MISC.	1,902	8%	11%	6%
7	SYNTHETIC RESINS, NSPF	1,663	5%	9%	7%
8	PLASTIC PRODS, MISC.	1,285	30%	54%	28%
9	AUTO PARTS	1,271	21%	-1%	1%
10	EMPTY CONTAINERS, DRUMS	1,099	-30%	529%	567%

Source: PIERS

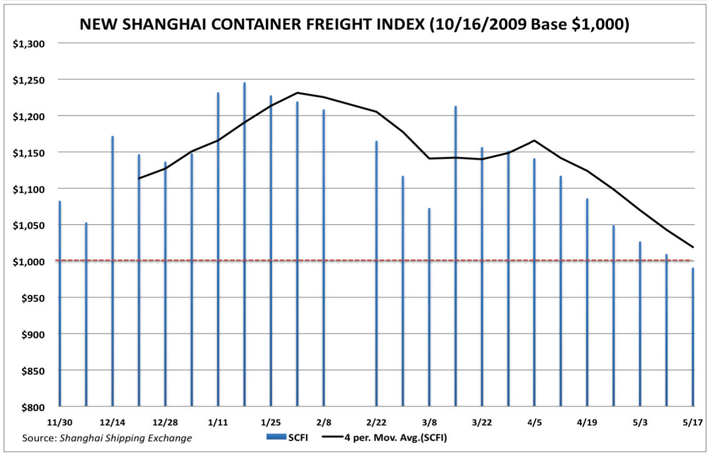
The top U.S. containerized export commodity to Central America in February this year was paper and paperboard. The top 10 commodities shown above accounted for 55 percent of the total export trade to Central America.

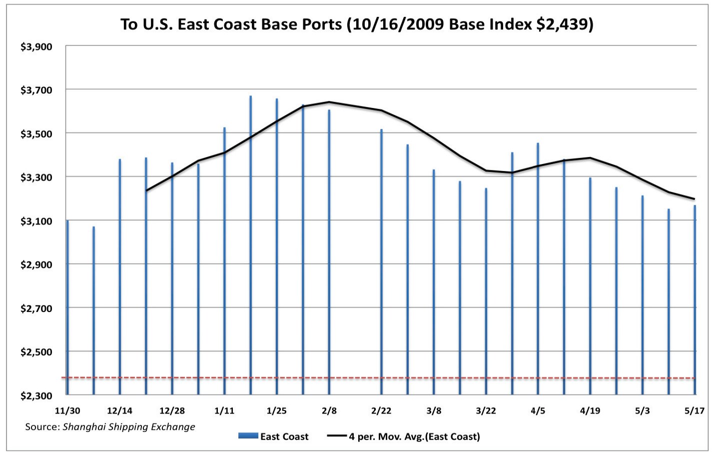
REGION CATEGORIES

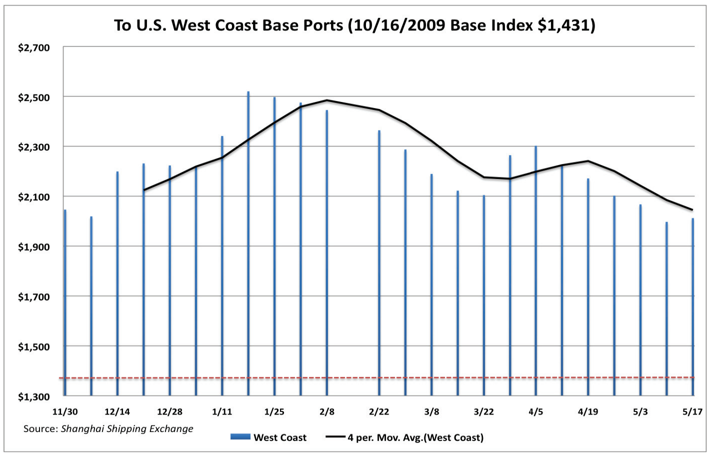
NORTHEAST ASIA HONG KONG, JAPAN, MACAU, MONGOLIA, NORTH KOREA, PEOPLES REP OF CHINA, REPUBLIC OF KOREA, TAIWAN **SOUTHEAST ASIA** BRUNEI, CAMBODIA, INDONESIA, LAOS, MALAYSIA, MYANMAR, PHILIPPINES, SINGAPORE, THAILAND, VIETNAM **NORTHERN EUROPE** AUSTRIA, BELGIUM, CZECHOSLOVAKIA, DENMARK, ESTONIA, FINLAND, 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

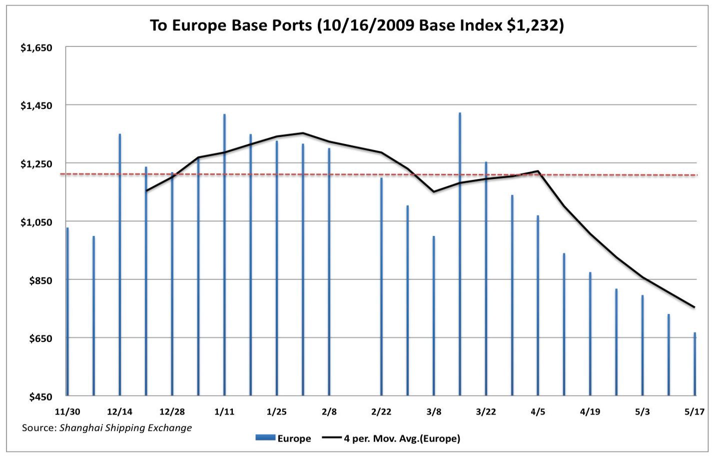
INTERNATIONAL SHIPPING PRICES

◆ *Unsuccessful May 15 general rate increase*









THE SHANGHAI CONTAINERIZED FREIGHT INDEX DOWN FOR NINE STRAIGHT WEEKS

The Shanghai Containerized Freight Index, which measures export average spot rates, fell 1.9 percent on May 17 from the prior week to 990.78 points. The index stood below its four-week moving average for seven straight weeks. The May 15 GRI of between $500 and $600 proposed by Hapag-Lloyd and others turned out to be unsuccessful.

On May 17, the freight rates for the voyages from Shanghai to base ports in U.S. West Coast and East Coast services averaged $2,012 per FEU and $3,169 per FEU, up $15 and $17 from the preceding week, respectively.

In the Europe service, the freight rate declined and stood below its four-week moving average for eight straight weeks. On May 17, the freight rate for the voyages from Shanghai to base ports in Europe fell 8.6 percent or $63 from the preceding week, to $668.

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