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JOCINSIGHTS

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JANUARY 2013

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

U.S. EXPORTERS FOUND A SHRINKING GLOBAL MARKET in Q3:2012 as sluggish economic growth in each of the major trade lanes capped U.S. containerized shipments across a range of commodities. The slowdown was precipitated by financial events in Europe, which officially slipped into recession in the second quarter. Contracting income growth in Europe put downward pressure on import demand across the continent, which through contagion, affected demand for U.S. exports in Asia and Latin America as well.

While slowing income growth in the rest of the world continued to dog U.S. exports, exchange rates remained roughly favorable. The dollar, which has been trending gradually lower since early in the decade, remained weak against most major currencies, in line with Federal Reserve Bank objectives to keep interest rates low and U.S. exports competitive. Given the financial crisis and recession in much of Europe, and now the improving economic outlook in the U.S., keeping the U.S. dollar competitive on global markets is becoming increasingly difficult. Fed Chairman Ben Bernanke's decision to launch a third round of quantitative easing, or QE3 will help, but central banks around the world are pursuing similar agendas. The Japanese Central Bank is ramping up its own bond buying efforts, and in September, President Mario Draghi of the European Central Bank made good on his promise to support the euro with a new bond-buying program.

I have witnessed four quarters of just barely positive growth, and in light of expectations of more sluggish global (ex. NAFTA) economic growth, I am projecting a more modest expansion in U.S. containerized export volume going forward. A slightly better forecast is contingent on the performance of the U.S. dollar in the year ahead. Currently, the outlook is clouded by uncertainties regarding the U.S. fiscal condition and the narrowing differential between Fed policy and monetary policy around the globe. But even with QE3 going forward, the outlook is for a marginal appreciation of the dollar in real terms. Therefore, I estimate outbound U.S. containerized volume will have grown by around 1.0 percent in 2012, and modestly accelerate to 2.9 percent in 2013.

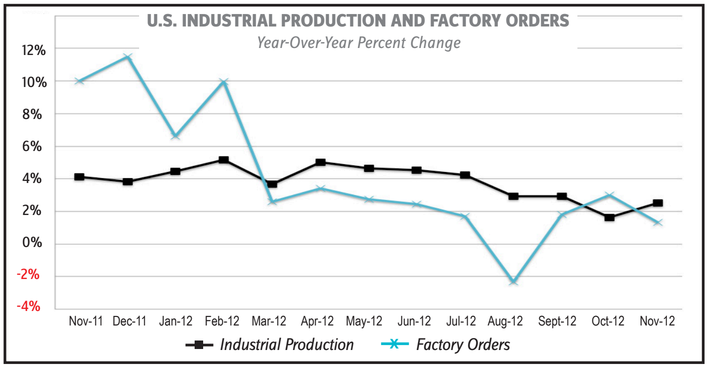
There's a downside risk associated with this projection. Financial balances among several EU members remain fragile and subject to political pressures. Growth in China appears to be recovering, but if the European recession is more prolonged, China's growth could be at-risk as well.

This issue of JOC Insights presents my most updated import and export forecasts on the trans-Atlantic trade for 2013, and a special analysis of U.S. furniture exports.

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

I. THE SHIPPING ECONOMY

- *U.S. manufacturing sector growing marginally in December, while China manufacturing sector appears to be stabilizing.*
- *Economic performance in Japan is forecast to weaken this year as spending on post-earthquake reconstruction winds down.*
- *U.S. ocean container trade declined on weaker outbound shipments.*
- *Home sales grew in November, unaffected by Hurricane Sandy post effects.*
- *Retail sales rose in December by more than expected.*



Source: Commerce Department, Federal Reserve

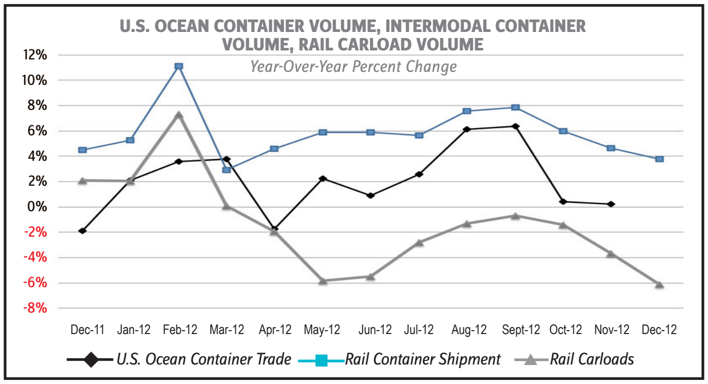
NOVEMBER 2012: INDUSTRIAL PRODUCTION UP 1.1 PERCENT; FACTORY ORDERS FLAT

U.S. industrial production rebounded in November on post-Sandy activity and rising auto assemblies. Overall production increased 1.1 percent in the month, following a downwardly revised decline of 0.7 percent in the prior month. Manufacturing rose a similar 1.1 percent after falling by 1.0 percent in October. Motor vehicles jumped 4.5 percent after staying flat in the prior month. Outside of motor vehicles, manufacturing rebounded by 0.8 percent after falling 1.0 percent in the prior month. Mining output advanced 0.8 percent while utilities climbed 1.0 percent.

Overall capacity utilization rose by 0.7 percentage point to 78.4 percent in the month.

As expected, industrial production rebounded strongly on post-Sandy activity. On a year-over-year basis, industrial production advanced 2.5 percent.

U.S. factory orders remained unchanged in November, following a boost of 0.8 percent in the prior month. On a year-over-year basis, orders advanced 1.3 percent.

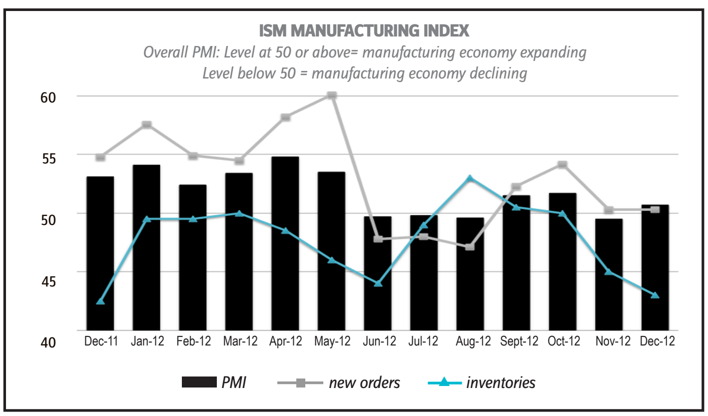


Source: PIERS and Association of American Railroads (AAR)

U.S. OCEAN CONTAINER TRADE DECLINED 1.6 PERCENT IN OCTOBER

U.S. ocean container trade declined 1.6 percent year-over-year in October after staying nearly flat in the prior month. The trade totaled 2.44 million TEUs in the month.

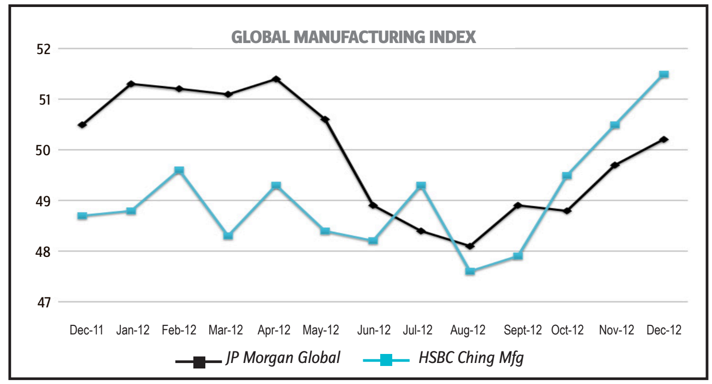
Rail container shipments expanded 3.5 percent year-over-year in November, following a 3.8 percent gain in the prior month, while rail carloads declined 4.0 percent, after a 6.1 percent drop in the prior month. Rail carloads have declined for 10 consecutive months through November on a year-over-year basis.



Source: Institute for Supply Management (ISM)

DECEMBER 2012: U.S. MANUFACTURING INDEX AT 50.7

The U.S. manufacturing index rose in December after contracting for the first time in three months. The PMI index gave a reading of 50.7, up by 1.2 points, indicating growing from contraction. Of the 18 manufacturing industries, only seven reported growth in the month. New orders stood unchanged at 50.3 while export orders showed growth for the first time since May. Backlog of orders and inventories contracted, which is a good sign for future inventory rebuild. Employment recovered 4.3 points to a reading of 52.7.



Source: JP Morgan; HSBC

DECEMBER 2012: GLOBAL MANUFACTURING PMI ROSE TO 50.2; CHINA MANUFACTURING PMI ROSE TO 51.5

The JPMorgan Global PMI rose by 0.5 percentage point to 50.2, signaling expansion from contraction. Output gains were mostly seen in the U.S., China and the U.K. Solid gains were also seen in emerging markets that include Mexico, India, Brazil, Turkey and Indonesia. Eurozone output fell for the 10th month running while Japan's fell at the sharpest rate since early 2011. Employment rose in the U.S., Canada, Mexico, India, Taiwan, Turkey, Ireland and Vietnam. In the eurozone, however, jobs were slashed for the 11th straight month.

Manufacturing activity in China grew for the second straight month in December, its highest level since May 2011. The HSBC China Manufacturing PMI came in at a 51.5 level, up by 1 full percentage point from November, indicating a modest improvement of operating conditions in the Chinese manufacturing sector. Output increased for the second straight month, while new orders grew at as faster pace than in the prior month. New export orders declined marginally following a modest boost in the prior month, reflecting sluggish demand in Europe, Japan, and the U.S. Employment remained virtually unchanged with 92 percent of panelists reporting no change to work force numbers. Input prices rose for the third straight month.

It appears China's manufacturing sector is stabilizing.

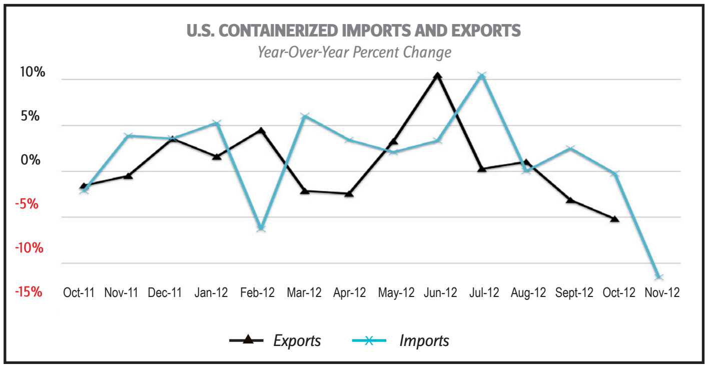
Source: US Department of Commerce

NOVEMBER 2012: U.S. GOODS EXPORTS UP 1.4 PERCENT; GOODS IMPORTS UP 4.6 PERCENT

U.S. exports of goods rose 1.4 percent in November over October, amounting to $128.1 billion in the month. The increase was led by capital goods ($0.9 billion); motor vehicles ($0.7 billion); industrial supplies ($0.6 billion); and consumer goods ($0.1 billion). A loss was registered in foods, feeds, and beverages (minus $0.4 billion).

U.S. imports of goods rebounded strongly in the month, up 4.6 percent October, totaling $193.0 billion. The rebound partly reflected increases in consumer goods ($4.6 billion); motor vehicles ($1.5 billion); and industrial supplies ($1.3 billion).

The deficit of goods traded jumped 11.4 percent to $64.9 billion (census basis).



Source: PIERS

U.S. CONTAINERIZED IMPORTS UP 0.8 PERCENT IN OCTOBER; EXPORTS DOWN 5.2 PERCENT IN OCTOBER

U.S. imports tumbled in November on traffic disruptions at East Coast ports because of Hurricane Sandy and the labor strike at Los Angeles/Long Beach port that began Nov. 26. Overall U.S. containerized imports dropped 11.5 percent in November 2012 over November 2011 to a total of 1,286,953 TEUs. Month-to-month, overall imports declined 11.7 percent in the month.

Leading the losses were toys, down 19 percent; computers, down 28 percent; cooking appliances, down 35 percent; and footwear, down 16 percent. On the upside, non alcoholic beverages rose 16 percent, while empty containers also showed decent gains, all compared to October 2011.

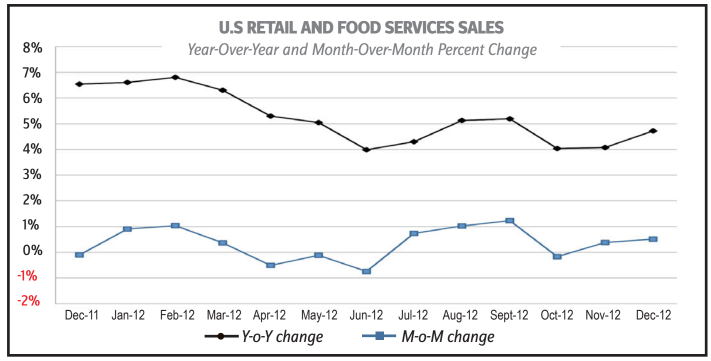
On a regional level, Northeast Asia dragged volumes with imports down 18 percent (or 160,282 TEUs). Imports from northern Europe declined 8 percent and totaled 128,285 TEUs, while imports from the west coast of South America tumbled 26 percent and totaled 25,258 TEUs. On the upside, shipments from the Indian subcontinent rose 12 percent, and totaled 58,597 TEUs, while shipments from the Mediterranean rose 7 percent, and totaled 69,963 TEUs. Imports from all of Asia tumbled 14 percent in the month.

On a country level, shipments from China displayed the largest volume contraction, down 16 percent, and totaled 591,638 TEUs in the month. Korea follows with a drop of 24 percent, while Hong Kong tumbled 32.5 percent. On the upside, Brazil and India rose by 21 percent and 14 percent, respectively.

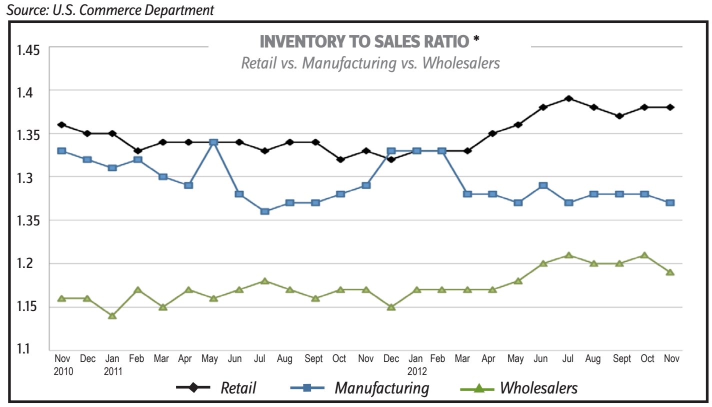
Year-to-date through November, overall U.S. containerized imports were up 1.4 percent.

U.S. box exports contracted for the second straight month on falling shipments to struggling European and Northeast Asian markets. Overall U.S. containerized exports fell 5.2 percent year-over-year in October to 964,094 TEUs, following a contraction of 3.1 percent in the prior month. Losses were led by industrial resins, down 22 percent; metal scrap, down 18 percent; logs and lumber, down 8 percent; and wood pulp, down 6 percent. On the upside, gains were seen in soybeans, up 29 percent; foam waste and scrap, up 13 percent; and edible nuts, up 17 percent, all compared to October 2011.

Year-to-date through October, exports were up 0.6 percent.



Source: U.S. Commerce Department



Source: Census Bureau

* Data is seasonally adjusted

DECEMBER 2012: U.S. RETAIL SALES UP 0.5 PERCENT

Sales rose 0.5 percent in the month, following an upwardly revised 0.4 percent boost in November. Auto sales rose markedly in the month, and excluding autos, sales rose 0.3 percent following a 0.1 percent in November. Falling gasoline prices weighed down on sales. Excluding autos and gasoline, sales advanced 0.6 percent.

Year-over-year, overall retail sales slightly accelerated to 4.7 percent from 4.1 percent in the prior month.

Seasonally adjusted retail inventory to sales ratio gave a reading of 1.38 in November, unchanged from the prior month, but higher than November 2011 1.33 ratio. The ratio for manufacturers slid to 1.27, while the ratio for wholesalers slid to 1.19.

As inventory-to-sales ratios remain at high levels, the chance for a strong restocking period diminishes.

U.S. HOUSING MARKET

(In Thousands of Units, Seasonally Adjusted Annual Rate)

	Nov-12	MoM	YoY	2012(F)	2013(F)
EXISTING HOME SALES	5,040	5.9%	14.5%	4,640	5,050
NEW HOME SALES	377	4.4%	15.3%	368	575
HOUSING STARTS	861	-3.0%	21.6%	776	1,128

Source: U.S. Department of Commerce; National Association of Realtors

NOVEMBER 2012: EXISTING HOME SALES UP 5.9 PERCENT; NEW HOME SALES UP 4.4 PERCENT; HOUSING STARTS DOWN 3.0 PERCENT

Sales of new homes rebounded in November as the effects of Hurricane Sandy waned. Sales rebounded 4.4 percent month-to-month to an annual sales rate of 377,000, following a downwardly revised sales figure of 361,000 in the prior month. Signs of tight supply strengthened, with supply of homes at 4.7 months, down from 4.9 months in the prior month. Tight supply spurs opportunities of new construction in the months ahead.

Sales of existing homes rose for the second straight month in November, up 5.9 percent and following a boost of 1.5 percent in the prior month. Sales totaled a seasonally adjusted annual rate of 5.040 million homes, beating expectations. It appears Hurricane Sandy did not have much of an effect on sales as was expected. Sales in the Northeast surged 6.9 percent; sales in other regions were also significant.

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

Country	Q4-2011	Q1-2012	Q2-2012	Q3-2012(E)	2012 (F)	2013 (F)
UNITED STATES	2.0	2.4	2.1	2.6	2.2	2.1
CHINA	9.1	8.1	7.6	7.4	7.7	8.5
JAPAN	0.0	3.3	4.0	0.5	1.8	0.6
UNITED KINGDOM	0.9	0.2	-0.3	0.0	-0.1	0.5
GERMANY	1.9	1.2	1.0	0.9	0.9	0.8

** 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 January 16, 2013

The painfully slow global economic recovery is projected to enter a period of severe uncertainty and risk that will depress growth prospects even further in the short-term. Most of the blame can be placed squarely on the advanced economies in Europe and the U.S. The euro area, having failed to contain the fiscal crisis in Greece, is now officially in recession while fiscal policy challenges threatens to snuff out already decelerating growth. Economic performance in Japan is forecast to weaken next year as spending on post-earthquake reconstruction winds down.

In emerging markets, however, conditions are improving, even as their export markets in the advanced economies continue to contract. Rising domestic demand brought about by expansionary fiscal policies and large infrastructure development programs has and will continue to compensate for weaker export markets.

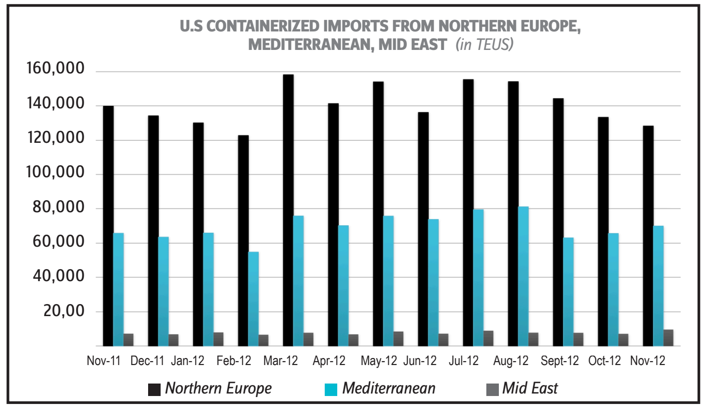
Longer-term projections are slightly better across the globe, but the salient point in the IMF's most recent outlook is their deepening short-run concern over the risk of another global recession, perhaps as early as next year.

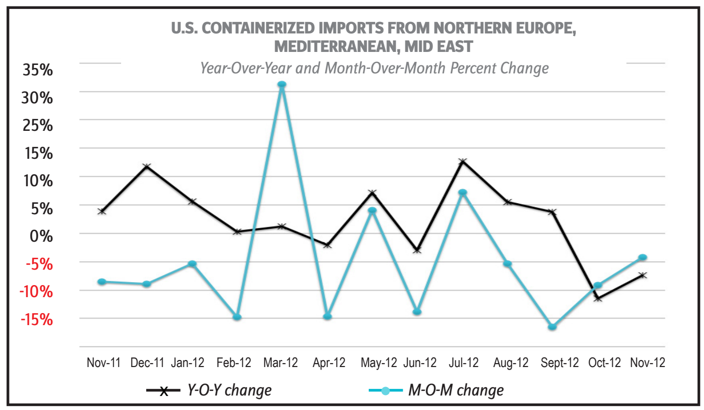
While the IMF is confident that appropriate policy actions will provide the best defense against such an occurrence, it clearly believes that downside risks are cresting and need immediate attention. Most prevalent among these risks are the sovereign debt crisis in the euro area and the fiscal challenges posed by the U.S. budget. Moreover, the IMF worries about increased odds of another sharp run-up in oil prices owing to tensions in the Middle East.

II. REGIONAL CONTAINER TRADE

- *Imports from Northern Europe slightly downgraded in 2013.*
- *Exports to Mediterranean to rebound in 2013.*

Imports from Europe and Middle East





IMPORTS, NOVEMBER 2012

TRADE LANE	TEUS	MOM	YOY	YTD	2013 (F)
NORTHERN EUROPE	128,285	-3.8%	-8.3%	4.9%	2.0%
MEDITERRANEAN	69,963	6.6%	6.4%	9.0%	4.9%
MID EAST	9,590	35%	33.2%	0.8%	20%

Source: JOC-PIERS Container Shipping Outlook December 2012 issue

NOVEMBER 2012: IMPORTS FROM EUROPE AND MIDEAST UP 0.8 PERCENT

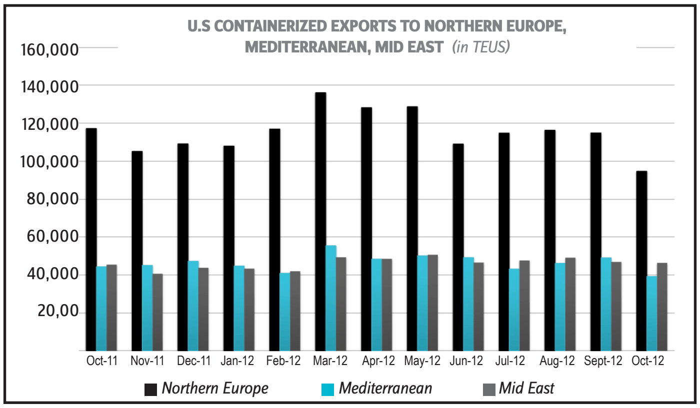
Inbound trade from northern Europe totaled 128,285 TEUs in November, down 8.3 percent from November 2011. The contraction was mostly driven by losses in beer and ale and wastepaper. Imports from the Mediterranean region rose 6 percent in the month, to a total of 69,963 TEUs, led by gains in furniture, non-alcoholic beverages and marble. Imports from the Middle East jumped 33 percent on increasing shipments of motor vehicles, aluminum rods, and plastics.

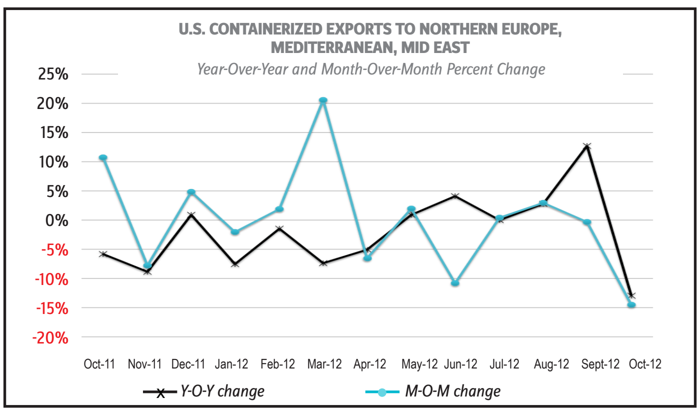
After declining in October for the first time in 15 months, total imports from Europe and the Mideast declined more moderately in November, down 2.3 percent and totaling 207,838 TEUs. On a month-to-month basis, imports from these regions edged up 0.8 percent.

Based on predicted income growth, U.S. containerized imports from

North Europe will maintain a healthy expansion through 2013, but I remain concerned about issues surrounding the fiscal deficit, staggering debt and its potential impact on US consumers. Therefore, I am revising forecasts lower for 2013 from 3.9% to 2.0%. I am also concerned that the $/euro exchange rate will be more favorable for US exporters than for importers.

Exports to Europe and Middle East





EXPORTS, OCTOBER 2012

TRADE LANE	TEUS	MOM	YOY	YTD	2013 (F)
NORTHERN EUROPE	94,704	-17.6%	-19.2%	-4.7%	0.9%
MEDITERRANEAN	39,286	-20.0%	-11.5%	-4.4%	8.5%
MID EAST	46,372	-1.1%	2.1%	9.7%	3.1%

Source: JOC-PIERS Container Shipping Outlook December 2012 issue

OCTOBER 2012: EXPORTS TO EUROPE AND MIDEAST DOWN 12.9 PERCENT

Exports to northern Europe totaled 94,704 TEUs, a year-over-year contraction of 19.2 percent as shipments of motor vehicles declined markedly. Shipments to the Mediterranean region declined after recovering in the prior two months, with monthly totals of 39,286 TEUs, a year-over-year contraction of 11.5 percent on falling shipments of paper and paperboard, edible nuts, and logs and lumber. Trade to the Middle East rose modestly in the month, up 2.1 percent and totaling 46,372 TEUs, following a surge of 15.4 percent in the prior month.

Total exports to Europe and the Middle East dropped 12.9 percent year-over-year in October, to a total of 180,361 TEUs. On a month-to-month basis, exports to these regions declined 14.5 percent.

The outlook for outbound containers to the Mediterranean has not changed significantly in the past three months. The recovery that began in the third quarter of 2012 is expected to carry through over the two-year forecast. Traffic is projected to increase 8.5 percent in 2013, and 6.8 percent in 2014. This compares to the prior forecast of 9.2 percent and 6.1 percent, respectively. Double-digit growth in exports to Turkey will lead the recovery. Cotton trade to Turkey will contribute heavily to these gains.

III. PORT TRAFFIC

- *Port of Los Angeles is U.S. top port by volume through October, with a total traffic of 5.079 million fully loaded TEUs.*
- *Port of Shanghai is China's top port by volume through November, with a total traffic of 29.768 million fully loaded and empty TEUs.*

TOP 10 CONTAINER THROUGHPUTS OF U.S. MAJOR PORTS IN OCTOBER 2012
Unit: 1000 TEU

Rank	Name of Port	Container Thoughput: Current Month	Container Thoughput: YOY Change (%)	Total Thoughtput in 2012
1	LOS ANGELES	520	-4.6%	5,079
2	NEW YORK	305	-17.0%	3,580
3	LONG BEACH	393	18.8%	3,561
4	SAVANNAH	171	-13.2%	1,936
5	VIRGINIA PRTS	135	0.2%	1,345
6	OAKLAND	133	4.9%	1,283
7	HOUSTON	116	-3.8%	1,238
8	SEATTLE	99	-21.9%	1,067
9	CHARLESTON	93	-3.0%	1,012
10	TACOMA	117	37.2%	884

Source: PIERS. Figures are rounded. Data represents fully-loaded containers only, and is refreshed frequently.

- Top 10 ports handled 86 percent of the total U.S. container trade in October.
- Container traffic at top-ranked Port of Los Angeles declined 4.6 percent year-over-year in October, and totaled 520,000 fully loaded TEUs. Northeast Asia shipments accounted for 72 percent of the port traffic in the month, while Southeast Asia accounted for 16 percent.

TOP 10 CONTAINER THROUGHPUTS OF CHINA'S MAJOR PORTS IN NOVEMBER 2012
Unit: 1000 TEU

Rank	Name of Port	Container Thoughput: Current Month	Container Thoughput: YOY Change (%)	Total Thoughtput in 2012
1	SHANGHAI (上海)	3,174	20.9%	29,768
2	SHENZHEN (深圳)	2,257	22.8%	21,054
3	NINGPO ZHOUSHAN (宁波一舟山)	1,472	25.1%	14,983
4	QINGDAO (青岛)	1,302	19.6%	13,309
5	GUANGZHOU (广州)	1,425	10.1%	13,262
6	TIANJIN (天津)	1,159	13.8%	11,295
7	DALIAN (大连)	640	8.9%	7,315
8	XIAMEN (厦门)	647	6.2%	6,502
9	SUZHOU (苏州)	469	1.7%	5,255
10	LIANYUNGANG (连云港)	485	19.7%	4,557

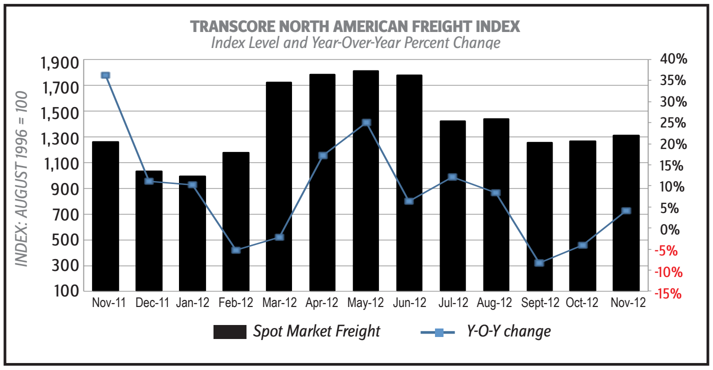
Source: Shanghai Shipping Exchange. Data represents fully-loaded and empty container figures. Data is refreshed frequently.

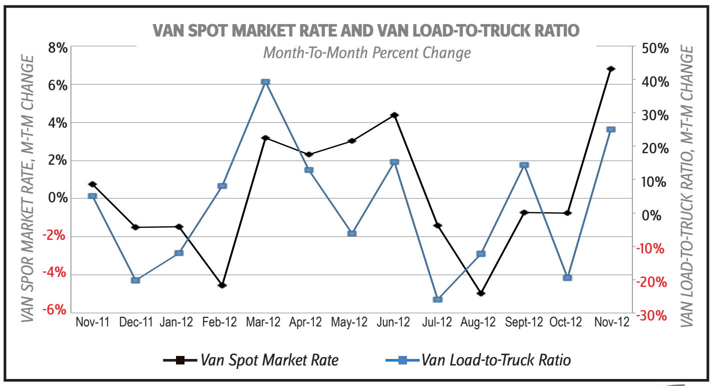
- Container traffic at top-ranked Port of Shanghai advanced 20.9 percent year-over-year in November, and totaled 3.174 million TEUs, including empties.

IV. TRUCKING

▶ *Freight volume increased year-over-year on higher demand for vans and refrigerated trucks.*

Domestic Trucking Pricing





Source: Transcore, http://www.transcorefreightsolutions.com/Resource/Trendlines.aspx

NOVEMBER 2012: FREIGHT INDEX UP 3.6 PERCENT

In November 2012, the DAT North American Freight Index reports a 3.6 percent increase in spot market freight availability in the U.S. and Canada, compared to the previous month. This marked the first time that November freight volumes outpaced October levels since the DAT Freight Index was established in 1996. Some of the increase can be attributed to demand for vans and refrigerated ("reefer") trucks for disaster relief and restocking after Hurricane Sandy. The increase in U.S. freight availability was partly offset by a seasonal decline in freight from Canada. Year-over-year, North American freight volume on the spot market increased 4.1 percent.

On a month-to-month basis, van load volumes increased 11 percent and reefer freight levels rose 16 percent, but flatbeds experienced a 6 percent decline in freight availability. Year-over-year, van freight volume rose 7.7 percent, reefer freight remained stable with a 0.4 percent increase, while flatbed freight volumes declined 10 percent.

Following a similar pattern, van and reefer rates increased 6.8 and 1.3 percent, respectively, on a per-mile basis, while flatbed rates declined 1.8 percent, compared to October. Compared to November 2011, van rates rose 3.7 percent, reefer rates were up 1.3 percent and flatbed rates increased 1.2 percent.

TransCore's DAT Truckload Rate index recorded a $0.09 (6.8 percent) increase in the national average spot market line-haul rate for dry vans in the U.S. in November compared to October, not including fuel surcharges. The fuel surcharge for vans declined from $0.51 to $0.50 during the same period, so the average total rate per mile rose by $0.08 (4.4 percent) from $1.83 to $1.91. Spot market rates are paid by freight brokers and other intermediaries to the carrier.

The rate hike was accompanied by an 11 percent increase in load availability and a 12 percent decline in truck capacity, month-to-month, on the company's DAT Load Boards. The result was a 26 percent increase in the load-to-truck ratio for dry vans on the spot market, from 2.4 available loads per truck in October to 3.0 in November. Increased load availability can be attributed to recovery efforts following Hurricane Sandy, as well as late-season holiday freight and a large potato harvest.

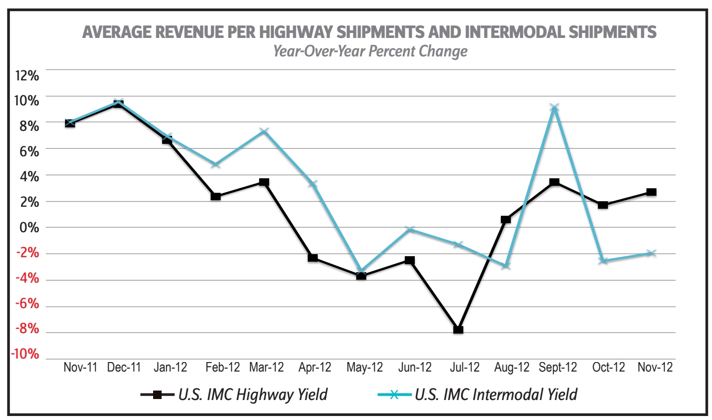
On a year-over-year basis, load volume for vans in November was up 7.7 percent compared to the corresponding month of 2011, while capacity increased 10 percent. The resulting load-to-truck ratio declined 2.4 percent compared to November 2011.

Spot market rates rose $0.05 (3.7 percent) compared to November 2011, not including fuel surcharges. When fuel is included, the total rate increased by $0.07 (3.8 percent) from $1.84 in November 2011 to $1.91 last month.

V. RAIL

▶ *U.S. rail intermodal traffic advanced in October for the 36th straight month.*

▶ *U.S. rail transportation of metals dropped in November for 5th straight month.*

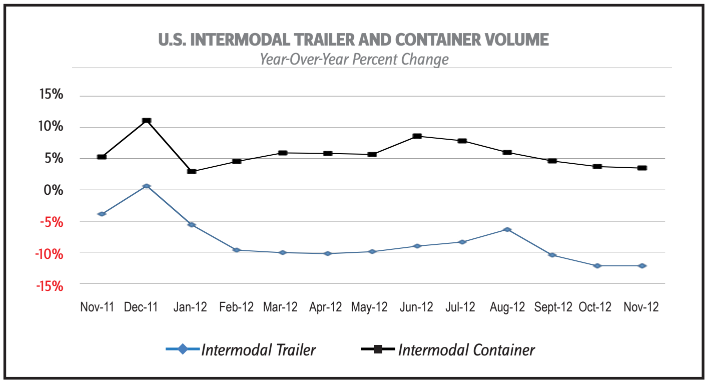


Source: Intermodal Association of North America (IANA)

NOVEMBER 2012: AVERAGE REVENUE PER HIGHWAY SHIPMENTS UP 2.7 PERCENT; AVERAGE REVENUE PER INTERMODAL SHIPMENTS DOWN 1.9 PERCENT

The average revenue per highway load increased by 2.7 percent year-over-year to $1,512, following a 1.7 percent advance in the prior month, and marked a fourth straight year-over-year increase. From October to November, the average revenue declined 0.4 percent (or $5).

The average revenue per intermodal load declined 1.9 percent after falling by 2.6 percent in the prior month. The average revenue amounted to $2,572. From October to November, the average revenue dropped 1.6 percent (or $41).

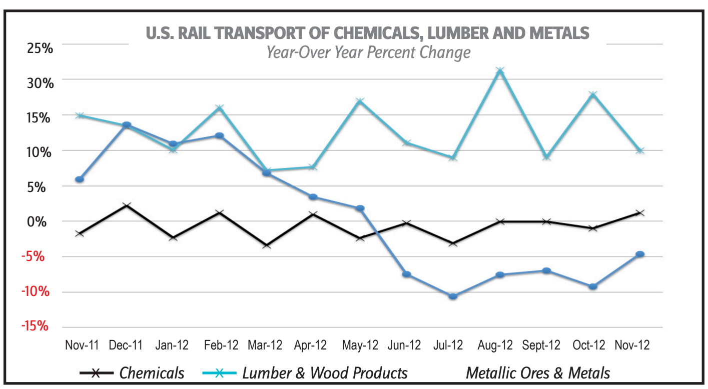


Source: Association of American Railroads (AAR)

NOVEMBER 2012: INTERMODAL TRAILERS DOWN 12.2 PERCENT; INTERMODAL CONTAINERS UP 3.5 PERCENT

U.S. railroads originated 117,383 trailers and 817,212 containers in November. Intermodal containers expanded 3.5 percent year-over-year, following an advance of 3.8 percent in the prior month. Intermodal trailers tumbled 12.2 percent year-over-year after falling by a similar 12.2 percent the prior month. Intermodal trailers have now declined for 11 consecutive months to November.

Intermodal traffic grew 1.2 percent (11,519 intermodal units) in November 2012 over November 2011, marking its 36th successive year-over-year monthly increase. On a seasonally adjusted basis, U.S. rail intermodal traffic edged up 0.1 percent in November over the prior month.



Source: Association of American Railroads (AAR)

NOVEMBER 2012: LUMBER UP 10.0 PERCENT; CHEMICALS DOWN 1.2 PERCENT; METALS DOWN 4.7 PERCENT

U.S. chemical carloads rose 1.2 percent year-over-year in November to a total of 114,595.

Growth in U.S. lumber and wood products carloads jumped 10.0 percent year-over-year in the month, to a total of 11,703 marking its 19th consecutive year-over-year monthly advance.

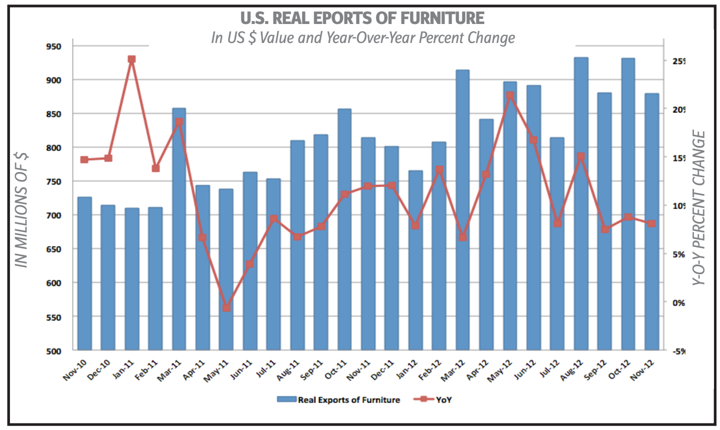
Growth in metallic ores and metals carloads contracted for the sixth straight month, down 4.7 percent year-over-year in November after a drop of 9.2 percent prior.

A continuing recovery in the housing market is supporting transportation of lumber.

VI. COMMODITY SNAPSHOT

- ***Furniture exports expand for 18 straight months, lifting average weekly hours.***
- ***Mexico gaining significant market share.***

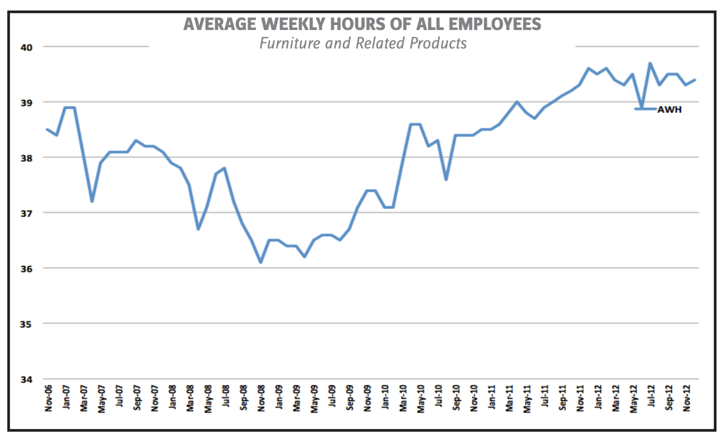
Selected Commodity: FURNITURE



Source: US International Trade Commission; author's own calculations

FURNITURE EXPORTS UP FOR 18 CONSECUTIVE MONTHS

U.S. exports of furniture rose for the 18th straight month to November on a year-over-year basis as demand from major markets continued and the U.S. dollar remained competitive. Exports advanced 8.1 percent year-over-year in November 2012 over November 2011 and totaled $879.6 million (deflated to January 2009 prices) in the month. Through November, exports were up by 12.0 percent and totaled $9.5 billion.



Source: BLS

AVERAGE WEEKLY HOURS ON THE UPTREND

Greater demand for U.S. furniture has prompted factory owners to increase the employees' hours but not staffing. Average weekly hours of all employees bottomed in 2009 and have recovered since. In 2012, weekly hours averaged 39.4, up by 0.45 from 2011 and by 1.32 from 2010. The lowest level in the last seven years was seen in November 2008 when average weekly hours registered 36.1.

In 2012, all employees in the furniture and related products industry totaled 349,900, down marginally by 3,200 employees from prior year.

SHARE OF US FURNITURE IMPORTS AND ANNUAL GROWTH RATES (CONSTANT US DOLLARS)	Share of imports			Annual Growth Rates		
	2010	2011	2012 YTD	2010	2011	2012 YTD
CANADA	0.512	0.509	0.515	20%	10%	10%
MEXICO	0.128	0.138	0.151	37%	20%	27%
JAPAN	0.033	0.035	0.030	35%	20%	5%
UNITED KINGDOM	0.026	0.024	0.024	6%	2%	26%
CHINA	0.022	0.023	0.020	68%	16%	13%
SAUDI ARABIA	0.021	0.018	0.018	24%	-7%	10%
GERMANY	0.013	0.014	0.014	15%	17%	6%
AUSTRALIA	0.012	0.014	0.014	27%	27%	16%
UNITED ARAB EM	0.012	0.011	0.012	15%	-2%	1%
VENEZUELA	0.010	0.012	0.011	2%	35%	15%
OTHERS	0.210	0.202	0.192			

CANADA, MEXICO, GERMANY, AND AUSTRALIA GAINING SHARE OF U.S. FURNITURE EXPORTS

Canada is by far the largest market for U.S. furniture (H.S. code 94) exports, accounting for a 51.5 percent share in 2012 through November, up 0.3 percent from 2010. Exports to that market year-to-date were up 10 percent, a similar growth seen in 2011.

Mexico is the second-largest market, accounting for a 51.5 percent share year-to-date, up notoriously by nearly 3 percentage points from 2010. Exports to that market were up 27 percent year-to-date, higher than the 20 percent growth seen in 2011. Other markets gaining share in the last three years were Germany, Australia and Venezuela.

The fifth-largest market, China, has seen its market share marginally decline in recent years as the economy decelerated but has maintained a double-digit growth demand for U.S. furniture. Wealthy Chinese believe in the quality and design of U.S.-made products, which explains why some U.S. furniture companies are strengthening business relationships in China. Ethan Allen's CEO said in a recent WSJ interview that the company's partner Markhor Furniture in China will increase the number of stores that carry Ethan Allen products to at least 100 within a year, up from 77.

Demand from the United Kingdom has strengthened markedly in 2012 but not enough to gain market share.

Top Commodities: Europe

TOP IMPORTS FROM EUROPE, NOVEMBER 2012

RANK	COMMODITIES	TEUS	MOM	YOY	YTD
1	AUTO PARTS	11,510	-6%	1%	22%
2	BEER&ALE	10,573	-1%	-11%	-2%
3	FURNITURE	9,310	11%	9%	9%
4	NON ALCOHOLIC BEVERAGES	8,829	-5%	17%	19%
5	STILL WINES	8,227	-3%	-6%	2%
6	PAPER&PAPERBOARD,INCL WASTE	6,862	-17%	-4%	5%
7	VEGETABLES	4,112	-6%	3%	24%
8	AUTO&TRUCK TIRE&TUBES	3,579	0%	-6%	5%
9	CANDY,JAM,CONFECTIONS	2,898	-27%	-3%	12%
10	PLASTIC PRODS, MISC	2,828	14%	-9%	5%

TOP U.S. IMPORTS FROM EUROPE IN TEUS: NOVEMBER 2012

"Auto Parts" was the top containerized import commodity from northern Europe and Mediterranean in November 2012, totaling 11,510 TEUs, up just 1 percent from November 2011. The top 10 commodities shown above accounted for 35 percent of the total box import trade from Europe.

TOP EXPORTS TO EUROPE, OCTOBER 2012

RANK	COMMODITIES	TEUS	MOM	YOY	YTD
1	PAPER&PAPERBOARD,INCL WASTE	10,669	-27%	-9%	5%
2	AUTOMOBILES	7,503	3%	-16%	-8%
3	WOOD PULP	7,156	-37%	-3%	8%
4	EDIBLE NUTS	4,832	95%	1%	13%
5	POULTRY,CHIEFLY FRESH&FROZEN	4,703	1%	45%	7%
6	AUTO PARTS	4,185	-9%	-14%	22%
7	SYNTHETIC RESINS,NSPF	3,928	22%	-26%	-14%
8	LOGS&LUMBER	3,175	-8%	-17%	-2%
9	VINYL ALCOHOL,PVC RESINS	2,915	-48%	-17%	2%
10	MEDICAL EQUIP&SUPPLIES	2,761	-14%	-18%	10%

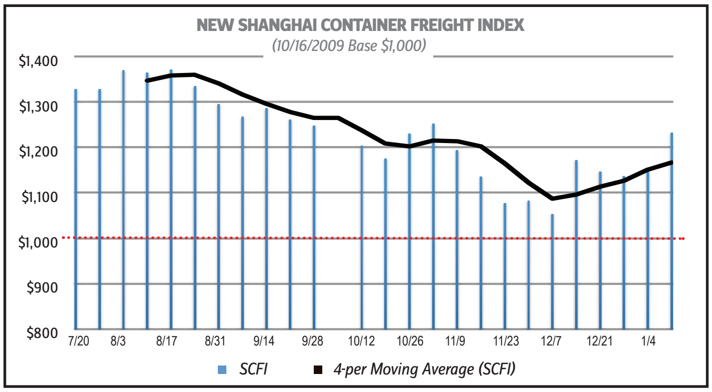
TOP U.S. EXPORTS TO EUROPE, IN TEUS: OCTOBER 2012

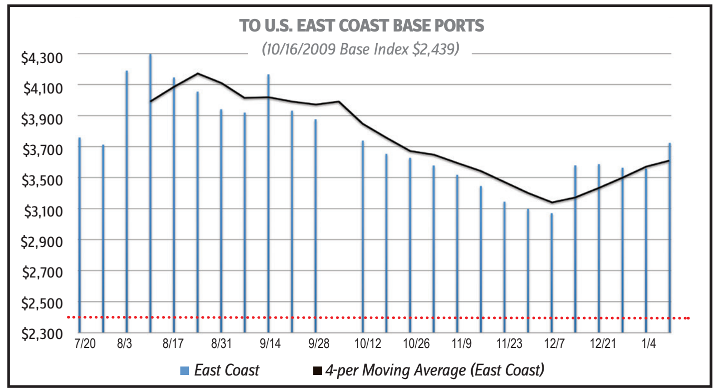
Demand for pet and animal feeds declined 9 percent year-over-year in October, but volume was up 5 percent year-to-date. The top 10 commodities shown above accounted for 39 percent of the total box exports to Europe in the month.

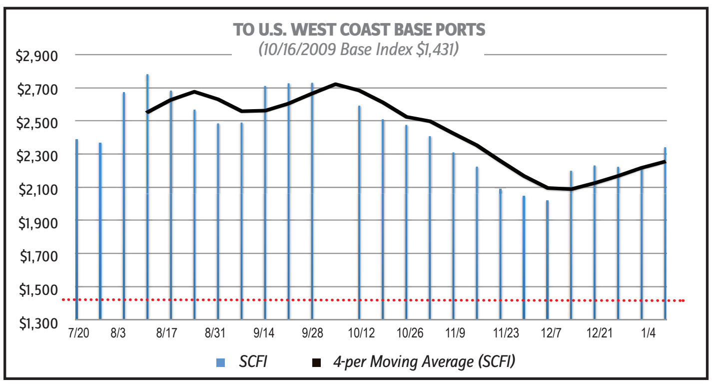
REGION CATEGORIES

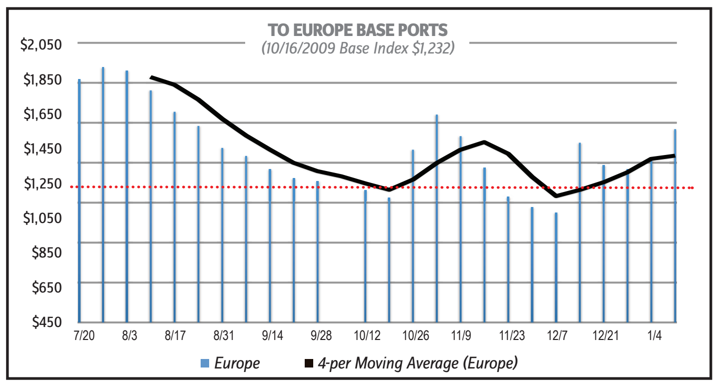
NORTHEAST ASIA HONG KONG, JAPAN, MACAU, MONGOLIA, NORTH KOREA, PEOPLES REP OF CHINA, REPUBLIC OF KOREA, TAIWAN **SOUTHEAST ASIA** BRUNEI, CAMBODIA, INDONESIA, LAOS, MALAYSIA, MYANMAR, PHILIPPINES, SINGAPORE, THAILAND, VIETNAM **NORTHERN EUROPE** AUSTRIA, BELGIUM, CZECHOSLOVAKIA, DENMARK, ESTONIA, FINLAND,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

VII. INTERNATIONAL SHIPPING PRICES









▶ *Average freight rates from Shanghai increase on FEU general rate increase announcement in trans-Pacific trade.*

THE SHANGHAI CONTAINERIZED FREIGHT INDEX UP 7.3% ON JANUARY 11 FROM PRIOR WEEK

The Shanghai containerized freight index, which measures export average spot rates, jumped 7.3 percent on Jan. 11 over the prior week to $1,232 points. The index rose above its four-week moving and is now trending up, mostly because of a FEU general rate increase announced in the trans-Pacific trade that took effect on Jan. 15.

On Jan. 11, the freight rate for the voyages from Shanghai to base ports in U.S. West Coast and East Coast services came out at $2,341 per FEU and $3,525 per FEU, up $120 and $167 from the preceding week, respctively. U.S. containerized imports from Asia tumbled 14 percent year-over-year in November, mostly because of labor strike disruptions at the ports of Los Angeles and Long Beach.

In the Europe service, freight rates rebounded markedly and stood above its four-week moving average. On Jan. 11, the freight rate for the voyages from Shanghai to base ports in Europe jumped 11.7 percent (or $148) over the preceding week, to $1,418. **JOCINSIGHTS**

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