

Quarterly Intelligence

JOC editorial's three-month outlook

The Quarterly Intelligence delivers logistics managers and their transportation providers the Journal of Commerce's expectations for the coming three months. The concise, data-enforced and forwarding-report is informed by the daily contact the Journal of Commerce editorial team has with industry players, some of the industry's most trusted data, and broader S&P Global intelligence.

The QI gives the state of play and outlook on North American ocean container trades; port performance; breakbulk shipping; US trucking and rail; parcel and last-mile; air cargo, and major economic and trade barometers. The report, outlining major pricing dynamics and potential supply chain bottlenecks ahead, enables better communication with colleagues and the C-Suite on pressures and opportunities.

Learn more at JOC.com

Contact Katherine Sargeant
katherine.sargeant@spglobal.com



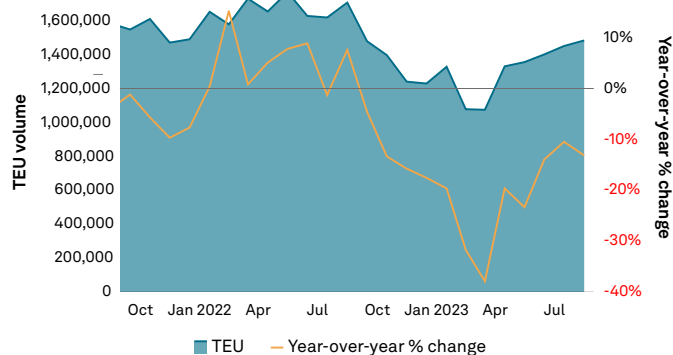
The QI report is broken down in the following sections, starting with a broader economic outlook informed by S&P Market Intelligence and XX others produced by the Journal of Commerce's respective subject matter expert editors.

- I. Global economic, trade, and risk outlook
- II. Air cargo
- III. North America container trades
- IV. North America container port and interior flows
- V. US Trucking
- VI. Domestic intermodal
- VII. Parcel and last-mile

CHART 3A

Rising trans-Pacific volumes remain well below 2022 levels

Containerized US imports from Asia, in laden TEUs, with year-over-year change



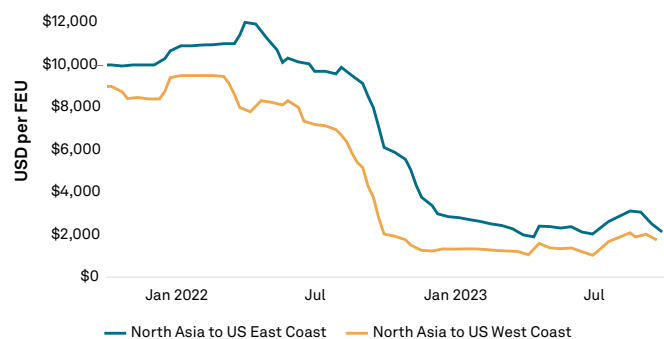
Source: S&P Global

© 2023 S&P Global

CHART 3B

Trans-Pacific spot rates slipping after brief peak season spike

Container spot rates from North Asia to US West and East coasts, in USD per FEU



Source: Platts, S&P Global

© 2023 S&P Global

III. North America ocean container trades

The bottom line: Although US containerized imports from Asia have been increasing sequentially each month since March, peak season 2023 will not be much of a peak at all, with trans-Pacific volumes back at 2019 levels. A massive amount of new capacity will enter the largest US trade lane in the final months of the year, placing downward pressure on freight rates.

Back to the future: As volumes in the eastbound trans-Pacific return to their typical pre-pandemic cadence, retailers are forecasting continued sequential increases in US imports through October and a return to year-over-year growth in the fourth quarter. Total containerized US imports from Asia tumbled 21% year over year in the first eight months of 2023, but compared with the same period in pre-pandemic 2019, volumes were essentially flat, according to PIERS, a sister product of the *Journal of Commerce* within S&P Global (Chart 3A). Further, shipment levels rose steadily on a sequential basis for 5 straight months after bottoming out in February and March, mirroring the typical seasonal patterns seen prior to the COVID-19 pandemic. Given that volumes came crashing back to earth in the final months of 2022, retailers project that year-over-year comparisons will turn positive in October and accelerate through the fourth quarter. According to the September “Global Port Tracker” report, published monthly by the National Retail Federation and Hackett Associates, US imports will rise 0.1% in October, 10.4% in November and 12% in December. Longer-term forecasts for the eastbound trans-Pacific vary widely, from a return to annual growth following the Lunar New Year holiday in early February to a continued stagnation of consumer goods spending that delays the recovery until the fourth quarter of 2024.

A bumpy ride: Already depressed trans-Pacific spot rates will be under pressure well into 2024 as weaker demand is compounded by an “absolute explosion of capacity” scheduled to enter the trade starting in the fourth quarter, according to Alan Murphy, CEO of Sea-Intelligence Maritime Analysis. Newbuild vessels delivered in late 2023 could increase capacity from Asia by 25% to the US West Coast and 35% to the East Coast, and ships scheduled to hit the water in 2024 will add another 10% to both coasts, Murphy told the IANA 2023 Expo in early September. Container carriers in the third quarter implemented an aggressive blank sailing program that helped lift rates, removing an average 16.9% of available capacity each month, according to data from Sea-Intelligence. Average spot pricing from Asia to the US West Coast stood at ...

About S&P Global

S&P Global (NYSE: SPGI) provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

About Journal of Commerce

The Journal of Commerce, part of S&P Global, provides daily authoritative analysis of international containerized transportation and logistics offered on a subscription basis and organizes industry-leading annual conferences, including TPM, that provide immersive information and networking experiences. Information produced by a team of specialized subject matter expert journalists supports tactical and strategic decision making among corporate logistics teams and senior management at container shipping lines, logistics firms, truckers, railroads, marine terminals, port authorities, truckers and others participating along end-to-end international supply chains.

Journal of Commerce is part of S&P Global.

S&P Global

www.spglobal.com

Journal of Commerce

by **S&P Global**

www.joc.com

Journal of Commerce

by S&P Global

www.spglobal.com
www.joc.com

©2023 S&P Global