JOC INSIGHTS

MARCH 2013

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

GLOBAL ECONOMIC CONDITIONS IMPROVED during the third quarter of 2012 but these did not sustain for the fourth quarter leading the IMF to reduce its global growth projections for 2013 and 2014 by 0.1 percentage point in both years. The IMF now expects the aggregate global economy to expand by 3.5 percent and 4.1 percent in 2013 and 2014 respectively. A better outlook is being held back by slowing conditions in the US, Europe and Japan, although the latter slowdown is projected to be temporary as both fiscal and monetary policy are set to be unleashed.

The deterioration of global economic conditions took a severe toll on US containerized exports in Q4:2012. After a four-quarter string of decelerating or muted growth, US containerized exports sank by 5.0 percent in Q4:2012 the worst YOY fall since an 8.5 percent decrease in the third quarter of 2009. For all of 2012, outbound shipments were marginally (-0.1 percent) worse than 2011. The Q4:2012 decrease was realized across nearly all trading regions, the two exceptions being a 0.7 percent increase in volumes to the Middle East and a 0.5 percent increase to Africa.

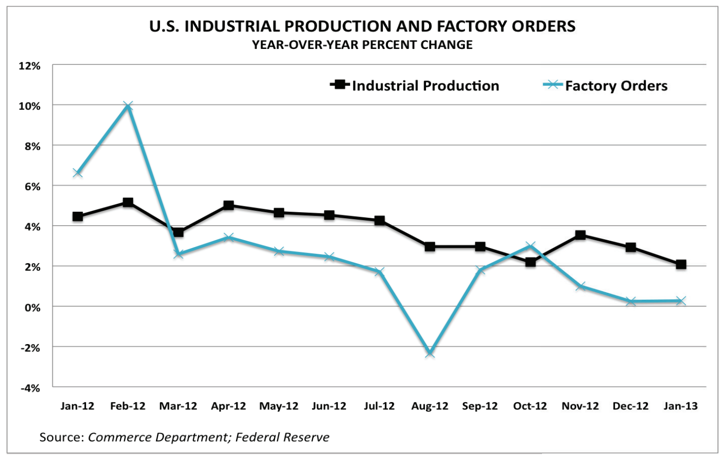
Within emerging markets, the IMF sees economic growth reaching 5.5 percent in 2013 and 5.9 percent in 2014. While robust, compared to the advanced economies, they remain below the more than 6.0 percent average growth posted by emerging markets in the years prior to the Great Recession. Aggregated emerging market growth has been hindered by decelerating conditions in Brazil and India. Fortunately, China's output remains robust and policy there appears to be officially redirecting towards improved domestic consumption and less reliance on exports. The Chinese government is increasingly worried about developing asset price bubbles, especially in the real estate markets that when burst could erase many of the gains made over the past several years. This should be welcome news for the global economy as a "hard landing" in China could have serious repercussions beyond its borders.

In spite of weaker income growth in the advanced economies, particularly in Europe and the US, the IMF expects world trade growth to accelerate mildly during the next two years, partly owing to expectations for significantly reduced prices for both fuel and non-fuel commodities.

This issue of JOC Insights presents my most updated import and export forecasts in the Transpacific for 2013, and a special analysis of U.S. apparel imports. I hope you'll enjoy the latest issue of JOC Insights. JOCINSIGHTS

THE SHIPPING ECONOMY

- ***U.S. manufacturing activity advanced on marked gains in new orders***
- ***U.S. ocean container trade ended 2012 with muted growth***
- ***Auto parts, fruits lead gains in January containerized imports***
- ***Retail sales advanced markedly in February despite payroll tax increases***
- ***Tight supply of homes eased in February***



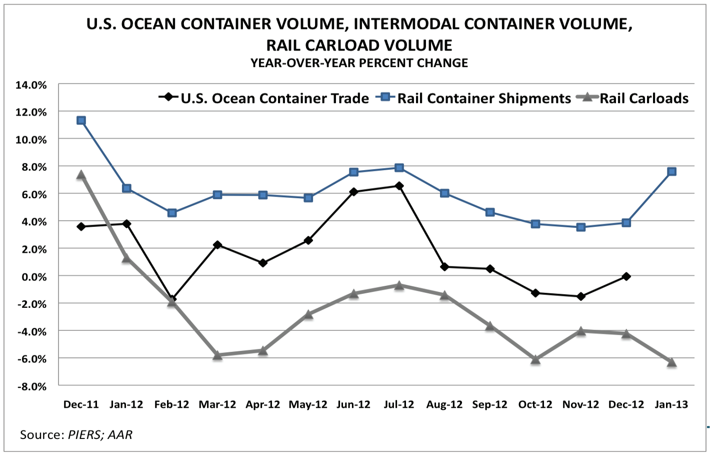
JANUARY 2013: INDUSTRIAL PRODUCTION DOWN 0.1 PERCENT; FACTORY ORDERS DOWN 2.0 PERCENT

U.S. industrial production slipped in January but followed two very strong months. Overall production edged down 0.1 percent in the month, following an upwardly revised gain of 0.4 percent in the prior month. Manufacturing declined 0.4 percent after expanding 1.1 percent the prior month. Motor vehicles declined 3.2 percent after rising by 2.9 percent the prior month. Outside of motor vehicles, manufacturing slipped 0.1 percent after advancing 0.9 percent in the prior month. Mining output declined 1.0 percent while utilities gained 3.5 percent.

Overall capacity utilization dipped by 0.2 percentage point to 79.1 percent in the month.

On a year-over-year basis, industrial production advanced 2.1 percent.

U.S. factory orders declined 2.0 percent in January, following a gain of 1.3 percent in the prior month. New orders for capital goods excluding aircraft jumped 7.2 percent, a good indication of future business investment. On a year-over-year basis, orders advanced 0.3 percent.

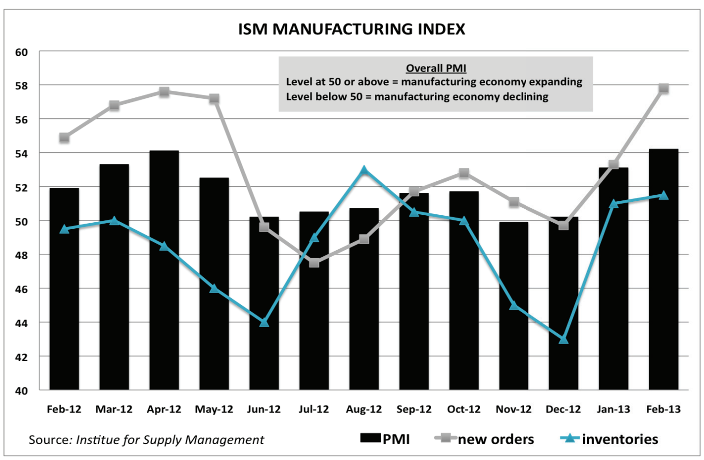


Source: *PIERS; AAR*

U.S. OCEAN CONTAINER TRADE SLID 0.1 PERCENT IN DECEMBER

U.S. ocean container trade slid 0.1 percent year-over-year in December on labor strike disruptions. The trade totaled 2.317 million TEUs in the month.

Rail container shipments jumped 7.6 percent year-over-year in January, following a 3.8 percent gain in the prior month, while rail carloads declined 6.3 percent, after a 4.2 percent contraction in the prior month. Rail carloads have declined for 12 consecutive months through January on a year-over-year basis.

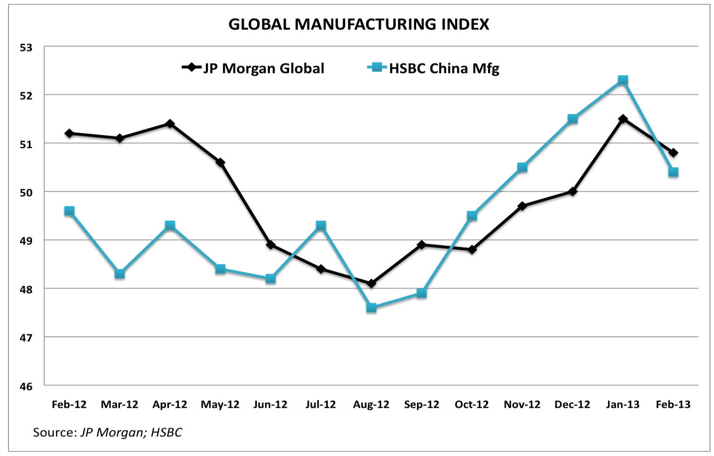


Source: *Institue for Supply Management*

FEBRUARY 2013: U.S. MANUFACTURING INDEX AT 54.2

The U.S. manufacturing index advances on sharp gains in new orders, the lifeblood of manufacturing activity. The PMI index gave a reading of 54.2, up by 1.1 points, indicating growing at a faster rate. Of the 18 manufacturing industries, 15 reported growth in February. New orders was up 4.5 points higher to 57.8 while export orders gained 3.0 percentage points to 53.5. Inventories grew at a faster rate, up by 0.5 point to 51.5. Employment, however, declined 1.4 percentage points to a reading of 52.6. This decline in employment is perceived to be temporary as new orders have declined sharply.

Recovery in the manufacturing sector is crucial for domestic transportation growth and international trade.

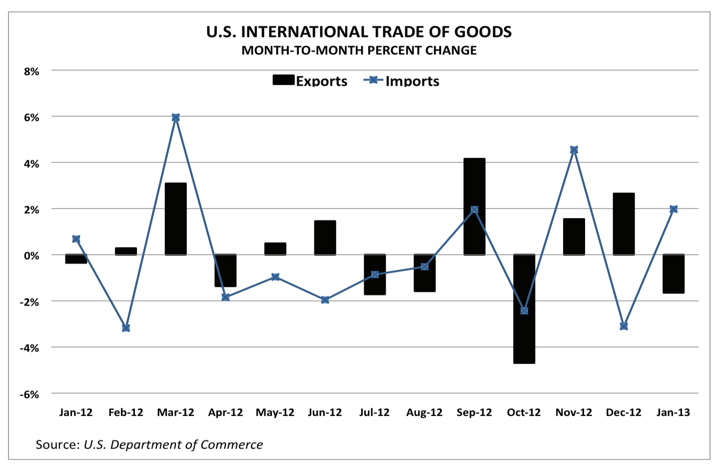


Source: *JP Morgan; HSBC*

FEBRUARY 2013: GLOBAL MANUFACTURING PMI DECLINED TO 50.8; CHINA MANUFACTURING PMI DECLINED TO 50.4

The JPMorgan Global PMI declined by 0.7 percentage point to 50.8, signaling expansion at a slower rate. Output gains were again mostly led by the U.S., which hit a 12-month high, and Mexico. India and Brazil also recorded significant gains in output, but China posted a weaker increase than in the prior month. Output losses were seen in Indonesia, Taiwan and Vietnam, while output in Europe remained weak. New orders expanded at a more modest pace, while new export orders decreased marginally. Employment rose marginally for the third straight month. Input prices rose but at a slower rate

Manufacturing activity in China improves marginally in February. The HSBC China Manufacturing PMI came in at a 50.4 level, down by 1.9 percentage point from January, indicating a marginal strengthening of operating conditions in the Chinese manufacturing sector. Output increased for the fourth straight month, while new orders grew for the fifth straight month and at a modest pace. New export orders rose marginally on increased demand from Europe, Japan and the U.S. Employment rose again but marginally. Input prices rose for the fifth straight month but at a modest pace, possibly owed to higher raw material costs.



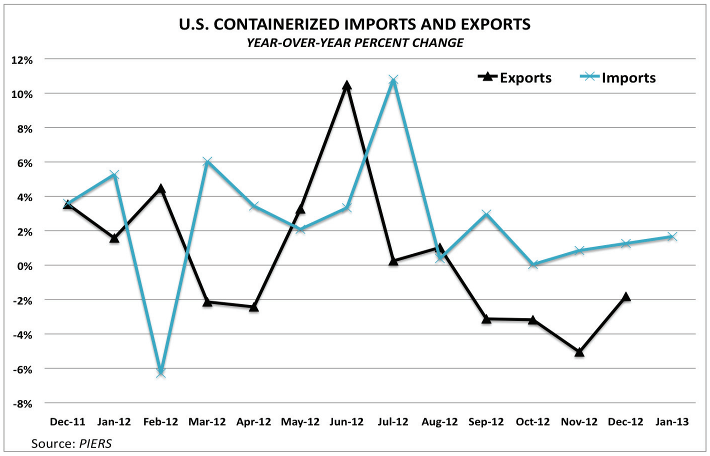
Source: *U.S. Department of Commerce*

JANUARY 2013: U.S. GOODS EXPORTS DOWN 1.6 PERCENT; GOODS IMPORTS UP 2.0 PERCENT

U.S. exports of goods declined 2.6 percent in January over December, amounting to $129.3 billion in the month. Losses were seen in industrial supplies ($2.6 billion); other goods ($1.0 billion). Gains were seen in capital goods ($0.7 billion); foods, feeds, and beverages ($0.4 billion); and motor vehicles ($0.3 billion).

U.S. imports of goods rebounded 2.0 percent in January over the prior month, totaling $190.6 billion. Increases were seen in industrial supplies ($4.0 billion); other goods ($0.7 billion); and capital goods ($0.5 billion).

The deficit of goods jumped 10.6 percent to $61.3 billion (census basis).



U.S. CONTAINERIZED IMPORTS UP 1.7 PERCENT IN JANUARY; EXPORTS DOWN 1.8 PERCENT IN DECEMBER

Overall U.S. containerized imports rose 1.7 percent in January 2013 over January 2012 to a total of 1,498,964 TEUs. Month-to-month, overall imports rose rebounded 12.5 percent in the month.

Leading the gains were auto parts, up 10 percent; non miscellaneous fruits, up 23 percent; footwear, up 6 percent; and sheets, towels & blankets, up 12 percent. On the downside, toys down 7 percent, and computers down 6 percent, all compared to January 2012.

On a regional level, Southeast Asia led the gains, up 6 percent (or 9,118 TEUs), followed by Northeast Asia whose volume rose 1 percent (or 8,580 TEUs). On the downside, shipments from Northern Europe declined 6 percent (or 7,926 TEUs) and totaled 122,214 TEUs.

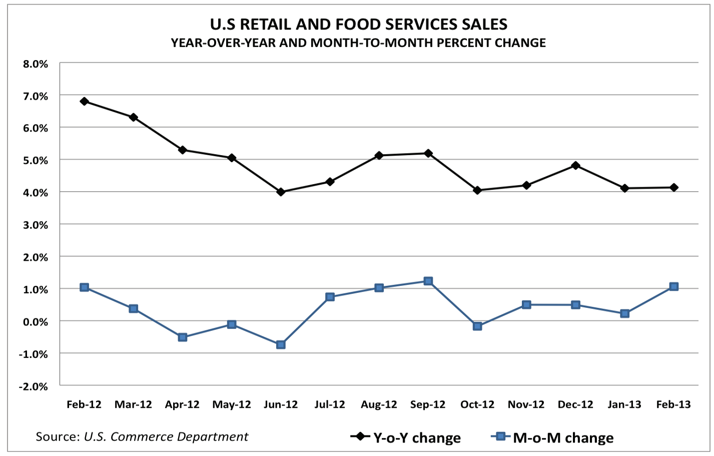
On a country level, shipments from Japan gained the most, up 13 percent (or 5,866 TEUs). Guatemala follows with a gain of 25 percent (or 4,287 TEUs), while Korea advanced 8 percent (or 4,048 TEUs). On the downside, Hong Kong declined by 12 percent.

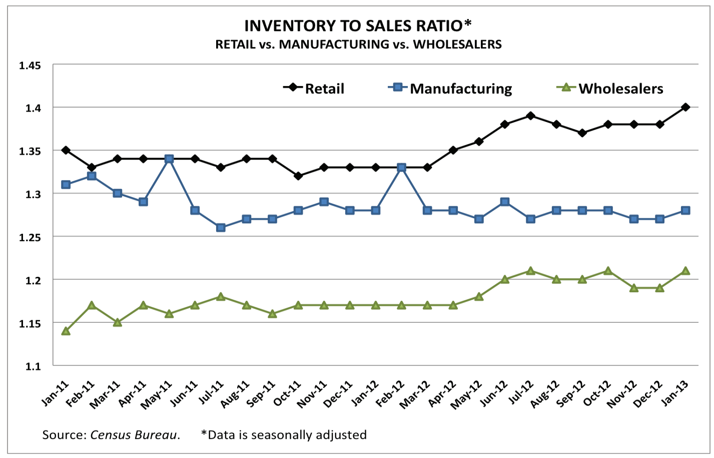
Overall containerized imports are expected to grow 2.6 percent in 2013, virtually unchanged from the December forecast.

U.S. box exports contracted for the fourth straight month on falling shipments to Asian and Caribbean markets. Overall U.S. containerized exports fell 1.8 percent year-over-year in December to 984,431 TEUs, following a contraction of 5.0 percent in the prior month. Losses were led by soybeans, down 17 percent; miscellaneous fruits, down 31 percent; synthetic resins, down 16 percent; and pet & animal feeds, down 6 percent. On the upside, gains were seen in fabrics including raw cotton, up 23 percent; poultry, up 22 percent; and logs & lumber, up 11 percent, all compared to December 2011.

On a country level, shipments from Taiwan declined the most, down 20 percent. Japan followed with a decline of 6 percent while Vietnam lost 18 percent. On the upside, exports to China rose remarkably by 5% (or 10,128 TEUs) to a total of 233,897 TEUs.

For all of 2012, exports remained virtually unchanged from 2011.





FEBRUARY 2013: U.S. RETAIL SALES UP 1.1 PERCENT

Retail sales advanced strongly in February despite payroll tax increases and delayed income tax returns. Sales edged climbed 1.1 percent in the month, following an upwardly revised 0.2 percent boost in January. Auto sales rebounded 1.1 percent after a 0.3 percent drop in January. Excluding autos, sales rose 1.0 percent following a 0.4 percent boost in the prior month. Weak sales were seen in electronics & appliances; furniture & furnishings; and sporting goods, hobby, book & music stores.

Year-over-year, overall retail sales stood unchanged at 4.1 percent, unchanged from the prior month.

Seasonally adjusted retail inventory to sales ratio gave a reading of 1.40 in January, up by 0.2 point from the prior month, and higher than January 2012 1.33 ratio. The ratio for manufacturers and wholesalers rose to 1.28 and 1.21, respectively.

U.S. HOUSING MARKET

	FEB-13	MOM	YOY	2013(F)
EXISTING HOME SALES	**4,980**	**0.8%**	**10.2%**	**5,109**
NEW HOME SALES	**411**	**-4.6%**	**12.3%**	**421**
HOUSING STARTS	**917**	**0.8%**	**27.7%**	**961**

*Source: US Department of Commerce; National Association of Realtors *In Thousands of Units, Seasonally Adjusted Annual Rate*

FEBRUARY 2013: EXSITING HOME SALES UP 0.8 PERCENT; NEW HOME SALES DOWN 4.6 PERCENT; HOUSING STARTS UP 0.8 PERCENT

Sales of new homes dropped 4.6 percent month-to-month to an annual sales rate of 411K, following a sharp 13.1 percent jump in the prior month. Tight supply eased, with supply of homes at 4.4 months, up from 4.2 months in January. Although sales dropped in the month, the pace is modestly healthy with YoY growth at 12.3 percent.

Sales of existing homes rose 0.8 percent and followed an upwardly revised gain of 0.8 percent in the prior month. Sales totaled a seasonally adjusted annual rate of 4.98 million homes. Supply rose to 4.7 months from 4.3 months, mainly because higher prices are prompting more owners to put their homes up for sale.

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

COUNTRY	Q1-2012	Q2-2012	Q3-2012	Q4-2012(E)	2012(E)	2013(F)
UNITED STATES	**2.4**	**2.1**	**2.6**	**1.7**	**2.2**	**1.9**
CHINA	**8.1**	**7.6**	**7.4**	**7.9**	**7.8**	**8.5**
JAPAN	**3.3**	**4.0**	**0.4**	**0.4**	**1.8**	**0.9**
UNITED KINGDOM	**0.5**	**0.0**	**0.4**	**0.2**	**0.0**	**0.5**
GERMANY	**1.2**	**1.0**	**0.9**	**0.4**	**0.9**	**0.7**

** 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

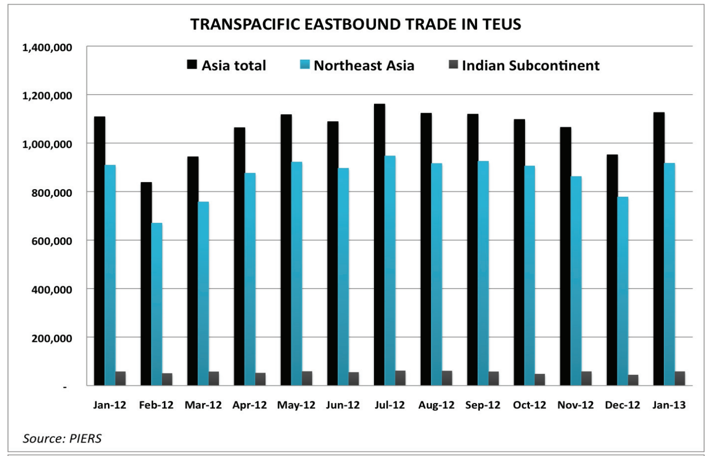
After hitting a four-year high in the last quarter of 2009, private investment spending decelerated again, coinciding with sharply falling confidence in money, inter-bank and credit markets and rising uncertainty over the extent of the US banking industry's exposure to bad debt. After falling to negative growth for two consecutive quarters, investment regained traction for most of 2011 but as US elections and rising uncertainty about fiscal policies in the US and Europe began to take hold, investment growth decelerated once again to where it is currently hovering at around 0 percent.

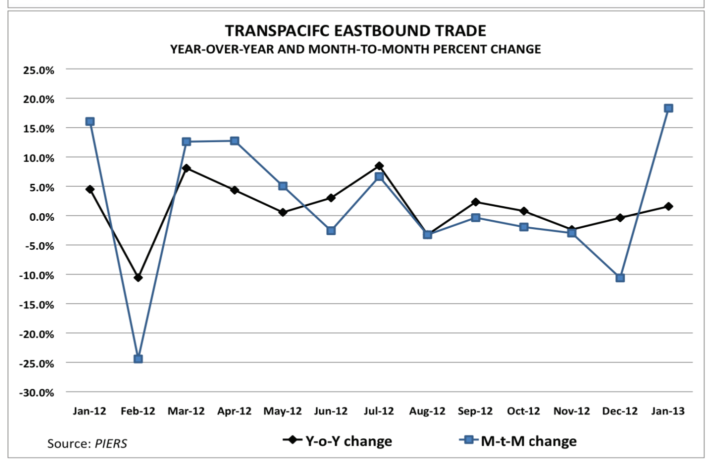
It seems as if just when the US economy managed to find a stable, albeit slower path to recovery, another crisis suddenly emerges to threaten to derail it. While not intending to minimize the impacts of sequestration, I am less concerned with its immediate short-term impacts than we are with the longer-term impacts on investor confidence. Consequently, I have revised expectations for real GDP growth only marginally for 2013 to a 1.9 percent expansion from a 2.0 percent expansion projected last quarter. I also expect a slight improvement in 2014 to 2.8 percent growth from 2.7 percent projected in the last quarter. The focus instead is on the longer term outlook. I am not committing to a long-term projection but am aware that the consensus for growth beyond 2014 among professional forecasters is dimmer than prior to sequestration.

REGIONAL CONTAINER TRADE

- ***Near flat growth in containerized imports from NE Asia projected for 2013***
- ***Westbound transpacific trade to grow 4 percent in 2013***

TRANSPACIFIC EASTBOUND TRADE





IMPORTS, JANUARY 2013

	TEUS	MOM	YOY	YTD	2013(F)
ALL ASIA	**1,125,845**	**18.3%**	**1.6%**	**1.6%**	**1.9%**
NORTHEAST ASIA	**916,693**	**17.9%**	**0.9%**	**0.9%**	**0.7%**
INDIAN SUBCONTINENT	**58,607**	**31.2%**	**0.6%**	**0.6%**	**6.4%**

Source: JOC-PIERS Container Shipping Outlook March 2013 issue

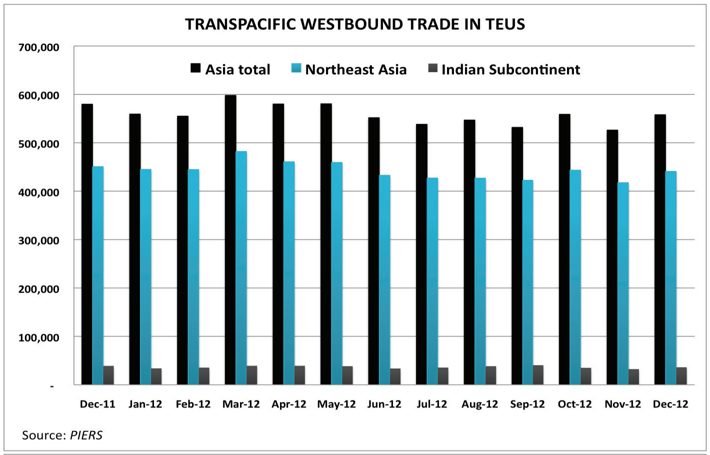
JANUARY 2013: TRANSPACIFIC EASTBOUND TRADE REBOUNDS

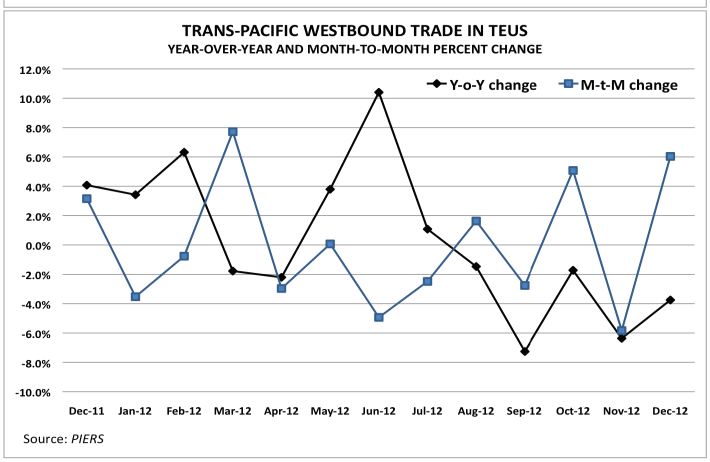
Containerized imports from Northeast Asia rebounded 0.9 percent YoY in October following a dip of 0.4 percent in the prior month, and totaled 916,693 TEUs. Gains were led by auto parts; auto tires; lamps & parts; and miscellaneous plastic products. Imports from top source country China rose 4.0% YoY and totaled 726,368 TEUs.

Imports from Southeast Asia climbed 6.4 percent YoY in January to a total of 150,544 TEUs mostly driven by footwear; women's & infant wear; and furniture. Imports from the Indian Subcontinent edged up 0.6 percent and totaled 58,607 TEUs on account of rising demand for menswear; sheets, towels, and blankets; furniture; and rugs & floor coverings.

The Hurricane Sandy shock to demand and labor strife at US ports were largely responsible for gap between projected and actual volume on these trade lanes during Q4. I am therefore maintaining my original projection of near flat growth in containerized imports from Northeast Asia for 2013 and a modest increase for 2014. Two major factors represent upside risks to this trade going forward. First, it is not unlikely that US income growth will surpass estimates during the next year as recent statistics on the labor market suggest faster than expected improvements. And second, US auto sales have regained forward momentum and by many accounts will surge for most of the coming year supporting robust trade in auto parts.

TRANSPACIFIC WESTBOUND TRADE





EXPORTS, DECEMBER 2013

	TEUS	MOM	YOY	YTD	2013(F)
ALL ASIA	**558,081**	**6.0%**	**-3.8%**	**-0.2%**	**3.7%**
NORTHEAST ASIA	**440,942**	**5.6%**	**-2.2%**	**1.1%**	**3.3%**
INDIAN SUBCONTINENT	**36,175**	**11.7%**	**-7.4%**	**-2.1%**	**8.3%**

Source: JOC-PIERS Container Shipping Outlook March 2013 issue

DECEMBER 2012: TRANSPACIFIC WESTBOUND TRADE DOWN FOR 5 STRAIGHT MONTHS

Containerized exports to Northeast Asia declined 2.2 percent YoY in December following a contraction of 5.9 percent in the prior month, and totaled 440,942 TEUs. Losses were led by metal scraps; meat; pet & animal feeds; and vegetables.

Exports to Southeast Asia tumbled 10.0 percent YoY in December to a total of 80,965 TEUs; mostly dragged by pet & animal feeds; synthetic resins; waste paper; and grains and flour products. Exports to the Indian Subcontinent declined 7.4 percent YoY and totaled 36,175 TEUs on account of falling shipments of waste paper; wood pulp; metal scraps; and newsprint.

The outlook for exports to Northeast Asia in 2013 has improved slightly since the previous forecast. With the exception of Japan, every major market in the region experienced an uptick in economic activity in the final quarter of 2012. This was partly due to government stimulus and monetary easing, particularly in the case of China.

PORT TRAFFIC

- ***Port of Los Angeles was U.S. top port by volume in 2012, with a total traffic of 5.9 million fully loaded TEUs.***
- ***Port of Shanghai is China's top port by volume in January, with a total traffic of 2.9 million fully loaded and empty TEUs.***

TOP 10 CONTAINER THROUGHPUTS OF U.S. MAJOR PORTS

In December 2012 Unit: 1000 TEU

RANK NAME OF PORT	CURRENT MONTH	YOY CHANGE (%)	TOTAL THOUGHTPUT IN 2012
1 LOS ANGELES	**408**	**-18.1%**	**5,928**
2 LONG BEACH	**365**	**10.3%**	**4,335**
3 NEW YORK	**340**	**-1.0%**	**4,245**
4 SAVANNAH	**177**	**2.8%**	**2,293**
5 VIRGINIA PRTS	**143**	**20.5%**	**1,649**
6 OAKLAND	**131**	**2.6%**	**1,546**
7 HOUSTON	**122**	**3.6%**	**1,489**
8 SEATTLE	**77**	**-33.7%**	**1,238**
9 CHARLESTON	**100**	**5.2%**	**1,220**
10 TACOMA	**104**	**43.6%**	**1,093**

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 December.
- Container traffic at top-ranked Port of Los Angeles tumbled 18.1 percent year-over-year in December and totaled 408,000 fully loaded TEUs.

TOP 10 CONTAINER THROUGHPUTS OF CHINA'S MAJOR PORTS

In January 2013 Unit: 1000 TEU

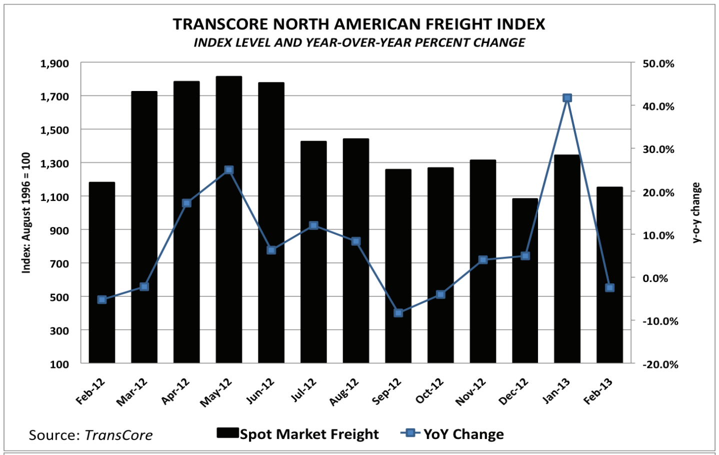
RANK NAME OF PORT	CURRENT MONTH	YOY CHANGE (%)	TOTAL THOUGHTPUT IN 2013
1 SHANGHAI (上海)	**2,971**	**11.4%**	**2,971**
2 SHENZHEN (深圳)	**2,065**	**6.8%**	**2,065**
3 NINGPO ZHOUSHAN (宁波一舟山)	**1,613**	**13.1%**	**1,613**
4 QINGDAO (青岛)	**1,392**	**14.2%**	**1,392**
5 GUANGZHOU (广州)	**1,207**	**24.8%**	**1,207**
6 TIANJIN (天津)	**964**	**9.4%**	**964**
7 DALIAN (大连)	**686**	**26.7%**	**686**
8 XIAMEN (厦门)	**618**	**19.2%**	**618**
9 LIANYUNGANG (连云港)	**453**	**4.4%**	**453**
10 SUZHOU (苏州)	**426**	**21.7%**	**426**

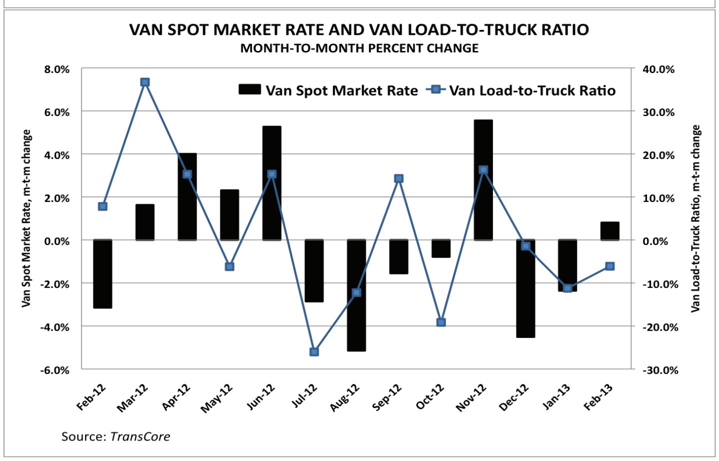
Source: Shanghai Shipping Exchange. Data represents fully-loaded and empty container figures. Data is refreshed frequently.

- Container traffic at top-ranked Port of Shanghai expanded 11.4 percent in January, totaling 2.9 million TEUs, including empties.

TRUCKING

- *Post-recession freight volumes returned during the month of February*
  Domestic Trucking Pricing





FEBRUARY 2013: FREIGHT INDEX DOWN 2.5 PERCENT

The DAT North American Freight Index showed a return to post-recession freight volumes during the month of February, following a record-setting January. On a year-over-year basis, freight availability declined 2.5 percent. Month-over-month spot freight declined 14 percent, when compared to January's unusually high freight volumes.

Year-over-year freight availability by equipment type varied. A surge in freight for vans and reefers at the end of the month, contributed to 7.6 percent and 7.2 percent increases respectively compared to February 2012. Flatbed freight declined 11 percent following seasonal norms.

On a month-over-month basis, van loads slipped 11 percent, refrigerated ("reefer") freight volume declined 15 percent and, flatbed freight availability was unchanged.

Rates increased 0.8 percent on the spot market in February for vans, compared to January, but declined 6.0 percent for reefers and 2.0 percent for flatbeds. As freight volume rose in the final days of February, van rates also increased. Compared to February 2012, van rates rose 1.6 percent and reefer rates increased 2.9 percent while flatbed rates fell 7.5 percent.

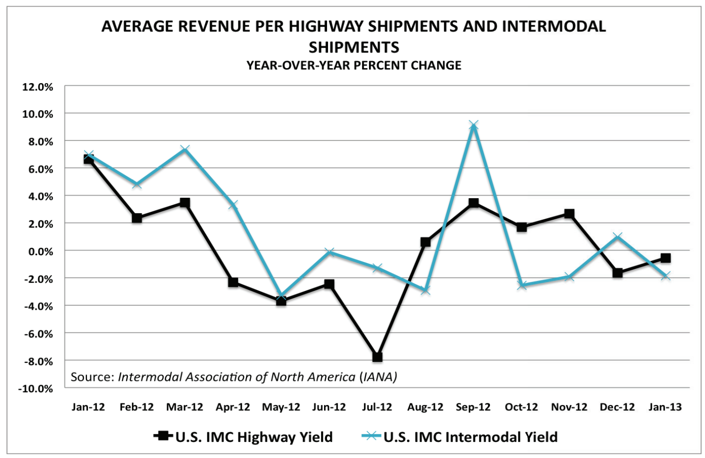
The DAT RateViewTM recorded a $0.01 (0.8 percent) increase in the national average spot market line haul rate for dry vans in the U.S. in February compared to January, not including fuel surcharges. The fuel surcharge for vans increased from $0.48 to $0.52 during the same period, so the total rate per mile increased by $0.05 (2.9 percent) from $1.72 to $1.77.

The drop in rates was accompanied by an 8 percent decrease in load availability and a 6 percent decline in truck capacity, month over month, on the company's DAT Load Boards. The result was an 8 percent decline in the load-to-truck ratio for dry vans on the spot market, from 2.4 available loads per truck in January to 2.3 in February.

On a year-over-year basis, load volume for vans in February was up down 1 percent, while capacity rose 16 percent. The resulting load-to-truck ratio decreased by 14 percent compared to February 2012. Van spot market rates increased $0.02 (1.6 percent) compared to February 2012, not including fuel surcharges.

RAIL

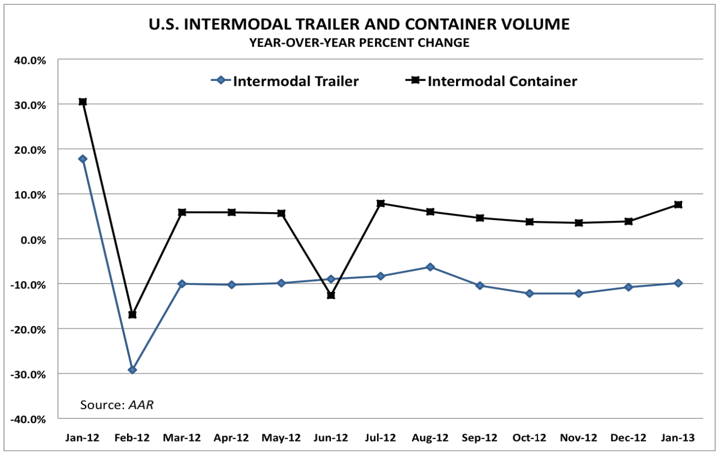
- *U.S. rail intermodal traffic advanced in January for the 38th straight month*
- *U.S. rail transportation of lumber up for 20 straight months*



JANUARY 2013: AVERAGE REVENUE PER HIGHWAY SHIPMENTS DOWN 0.6 PERCENT; AVERAGE REVENUE PER INTERMODAL SHIPMENTS DOWN 1.8 PERCENT

The average revenue per highway load declined in January for the second straight month, down 0.6 percent year-over-year to $1,454, and followed a 1.6 percent contraction in the prior month. From December to January, the average revenue declined 3.1 percent (or $46).

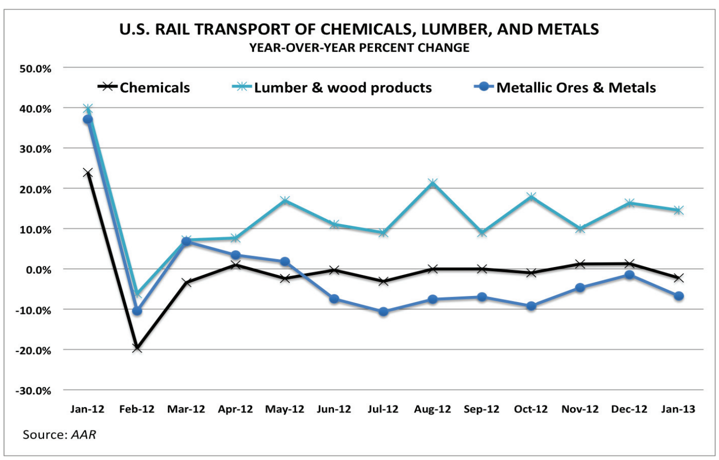
The average revenue per intermodal load declined 1.8 percent after rising by 1.0 percent in the prior month. The average revenue amounted to $2,546. From December to January, the average revenue declined 4.6 percent (or $123).



JANUARY 2013: INTERMODAL TRAILERS DOWN 9.9 PERCENT; INTERMODAL CONTAINERS UP 7.6 PERCENT

U.S. railroads originated 133,726 trailers and 1,034,904 containers in January. Intermodal containers expanded 7.6 percent year-over-year, following an advance of 3.8 percent in the prior month. Intermodal trailers tumbled 9.9 percent year-over-year after falling by 10.8 percent the prior month. Intermodal trailers have now declined for 13 consecutive months to January.

Intermodal traffic grew 5.3 percent (58,303 intermodal units) in January 2013 over January 2012, marking its 38th successive year-over-year monthly increase.



JANUARY 2013: LUMBER UP 14.6 PERCENT; CHEMICALS DOWN 2.2 PERCENT; METALS DOWN 6.7 PERCENT

U.S. chemical carloads declined 2.2 percent year-over-year in January to a total of 146,424.

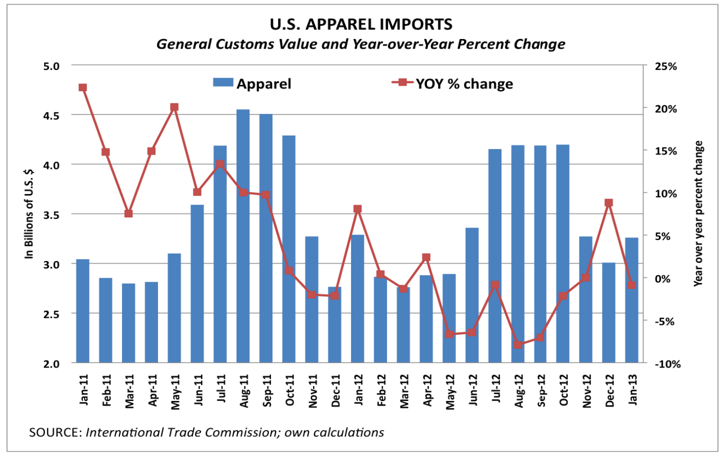
Growth in U.S. lumber and wood products carloads jumped 14.6 percent year-over-year in the month, to a total of 15,989 marking its 20th consecutive year-over-year monthly advance. A continuing recovery in the housing market is supporting transportation of lumber.

Growth in metallic ores and metals carloads contracted for the eighth straight month, down 6.7 percent year-over-year in January after a drop of 1.5 percent prior.

COMMODITY SNAPSHOT

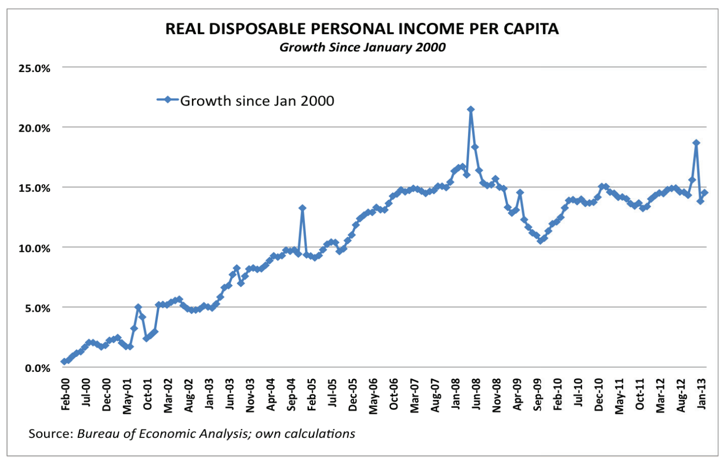
- ***U.S. apparel imports(by $value) down 1.7 percent in 2012***
- ***China gains share of U.S. apparel imports while Mexico loses***

SELECTED COMMODITY: APPAREL



APPAREL IMPORTS DOWN IN 7 OF LAST 9 MONTHS

U.S. imports of apparel (HS code 61) slid 0.9 percent YoY in January after jumping 8.8 percent in December. Imports are down in 7 of the last 9 months. For all of 2012, apparel imports totaled $41.1 billion, down 1.7 percent over the prior year, partly owed to weak disposable income growth and soft demand from downstream retailers.



REAL DISPOSABLE PERSONAL INCOME GROWTH PER CAPITA FLAT IN LAST 5 YEARS

A major driver of apparel imports is disposable personal income because ordinary clothes aren't luxury goods.

U.S. real disposable personal income (RDPI) per capita grew a tiny 0.8 percent in 2012 over the prior year, and is up 0.2 percent in February 2013 over February 2012. The graph shows that since January 2000 RDPI per capita expanded steadily through end of 2006 but since then growth sort of flattened. This is downbeat for the outlook of apparel imports as they are linked to disposable income growth. RDPI per capita was up 14.8 percent in December 2006 over January 2000, and up a similar 14.5 percent in February 2013 over January 2000.

SHARE OF US APPAREL IMPORTS AND ANNUAL GROWTH RATES

(Constant US Dollars)

	SHARE OF IMPORTS			ANNUAL GROWTH RATES		
	2010	2011	2012	2010	2011	2012
CHINA	**0.367**	**0.361**	**0.364**	**22%**	**8%**	**-1%**
VIETNAM	**0.088**	**0.090**	**0.101**	**16%**	**13%**	**10%**
INDONESIA	**0.065**	**0.068**	**0.069**	**17%**	**14%**	**0%**
HONDURAS	**0.053**	**0.053**	**0.052**	**20%**	**9%**	**-3%**
CAMBODIA	**0.040**	**0.043**	**0.044**	**18%**	**19%**	**-1%**
EL SALVADOR	**0.037**	**0.036**	**0.039**	**28%**	**5%**	**6%**
MEXICO	**0.035**	**0.034**	**0.032**	**5%**	**6%**	**-7%**
INDIA	**0.037**	**0.035**	**0.030**	**15%**	**3%**	**-14%**
BANGLADESH	**0.026**	**0.025**	**0.025**	**19%**	**3%**	**-2%**
PAKISTAN	**0.028**	**0.029**	**0.024**	**15%**	**13%**	**-19%**

Source: International Trade Commission; author's own calculations

CHINA REGAINING SHARE OF U.S. APPAREL IMPORTS IN 2012

In previous reports I've analyzed how China is losing share of U.S. imports of major labor-intensive goods including footwear, toys and furniture. But, in the case of apparel, the facts show otherwise.

China is the largest supplier of apparel to the U.S. and to the rest of the world by $ value. China sourced 36.4 percent of all U.S. apparel imports in 2012, up by 0.3 percentage point from 2011, but still down by 0.3 percentage point from 2010. Although imports from China declined modestly last year, a small rebound was seen in its share of imports helped by marked decreased shipments from other emerging economies. Other source countries that gained significant share last year were Vietnam, up by 1 full percentage point to a total import share of 10.1 percent, and El Salvador, up by 0.3 percentage point to a total import share of 3.9 percent.

In terms of annual growth, the data shows that imports from China dropped 1 percent last years after rising by 8 percent in 2011. Rising wages and costs challenge the obvious benefits of a well-developed manufacturing infrastructure, prompting relocation of production activities to Southeast Asia and Central America. Imports from Vietnam jumped 10 percent last year following an increase of 13 percent in 2011, while imports from El Salvador rose 6 percent last year following an increase of 6 percent. Strangely, imports from Mexico declined 7 percent last year after growing by 6 percent in 2011 despite near-sourcing advantages. Mexico's share of imports declined from 3.4 percent in 2011 to 3.2 percent in 2012.

TOP COMMODITIES: ASIA

TOP IMPORTS FROM ASIA, JANUARY 2013

RANK	COMMODITIES	TEUS	MOM	YOY	YTD
1	**FURNITURE**	**160,162**	**12%**	**1%**	**1%**
2	**AUTO PARTS**	**49,496**	**16%**	**14%**	**14%**
3	**FOOTWEAR**	**47,425**	**67%**	**7%**	**7%**
4	**TOYS**	**37,674**	**19%**	**-6%**	**-6%**
5	**WOMEN'S & INFANTWEAR**	**34,732**	**47%**	**4%**	**4%**
6	**PLASTIC PRODS, MISC**	**32,408**	**8%**	**4%**	**4%**
7	**AUTO&TRUCK TIRE&TUBES**	**30,304**	**20%**	**5%**	**5%**
8	**SHEETS/TOWELS/BLANKETS**	**24,119**	**17%**	**12%**	**12%**
9	**EDP/NMBR/ADDRESS MCHNRY**	**22,868**	**11%**	**-6%**	**-6%**
10	**HARDWARE & MISC**	**21,652**	**19%**	**3%**	**3%**

Source: PIERS

'Furniture' was the top containerized import commodity from Asia in January 2013, up 1 percent over January 2012. The top 10 commodities shown above accounted for 41 percent of the total box import trade from Asia.

TOP EXPORTS TO ASIA, DECEMBER 2012

RANK	COMMODITIES	TEUS	MOM	YOY	YTD
1	**PAPER&PAPERBOARD/WASTE**	**128,192**	**7%**	**0%**	**5%**
2	**PET & ANIMAL FEEDS**	**39,767**	**3%**	**-9%**	**9%**
3	**MIXED METAL SCRAP**	**23,727**	**-5%**	**-9%**	**4%**
4	**WOOD PULP**	**22,373**	**12%**	**8%**	**8%**
5	**LOGS & LUMBER**	**20,894**	**-9%**	**15%**	**-1%**
6	**FABRICS INCL. RAW COTTON**	**20,519**	**63%**	**36%**	**-1%**
7	**SOYBEANS & PRODS**	**19,577**	**-7%**	**-19%**	**4%**
8	**FOAM WASTE & SCRAP**	**16,042**	**-6%**	**6%**	**6%**
9	**METAL SCRAP/FERROUS/PIGIRON**	**14,868**	**3%**	**-15%**	**-18%**
10	**MEAT, CHIEFLY FRESH&FROZEN**	**12,941**	**16%**	**-5%**	**-1%**

Source: PIERS

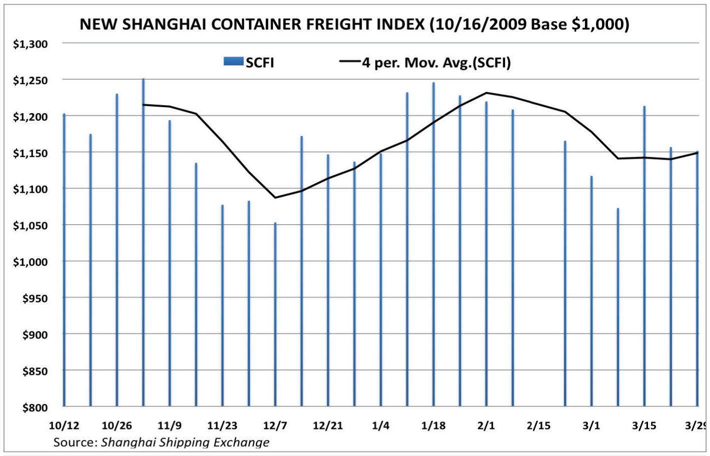
"Paper & paperboard" was the top containerized export commodity to Asia in December 2012. A sharp drop was seen in pet & animal feeds. The top 10 commodities shown above accounted for 57 percent of the total export trade to Asia in the month

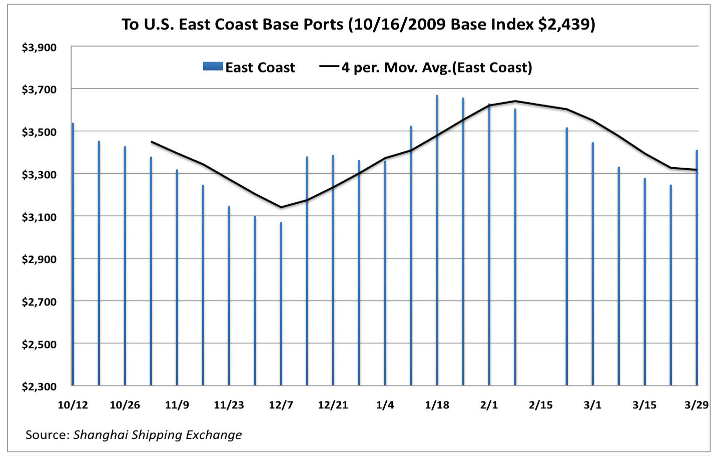
◆ ***Carriers announce GRI of 400/FEU in Asia-West Coast trade***

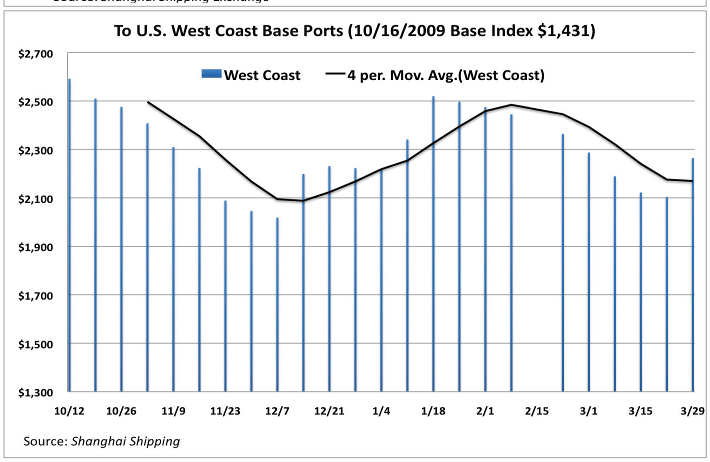
REGION CATEGORIES

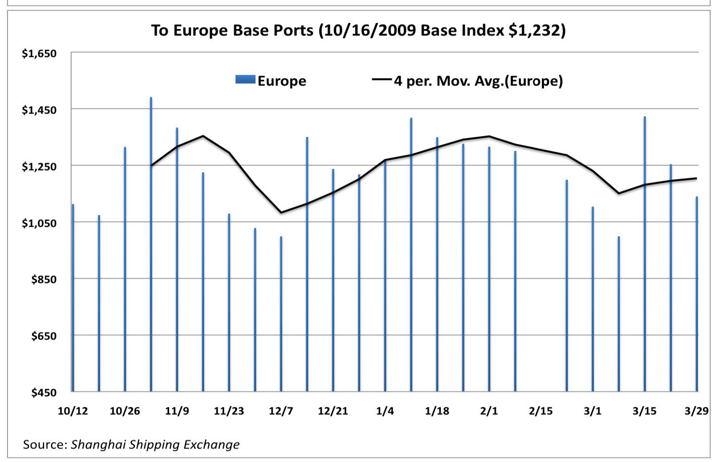
NORTHEAST ASIA HONG KONG, JAPAN, MACAU, MONGOLIA, NORTH KOREA, PEOPLES REP OF CHINA, REPUBLIC OF KOREA, TAIWAN **SOUTHEAST ASIA** BRUNEI, CAMBODIA, INDONESIA, LAOS, MALAYSIA, MYANMAR, PHILIPPINES, SINGAPORE, THAILAND, VIETNAM **NORTHERN EUROPE** AUSTRIA, BELGIUM, CZECHOSLOVAKIA, DENMARK, ESTONIA, FINLAND,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









THE SHANGHAI CONTAINERIZED FREIGHT INDEX DOWN FOR 2 STRAIGHT WEEKS

The Shanghai containerized freight index, which measures export average spot rates, slid 0.4 percent on March 29 over the prior week to $1,151.47 points. The index stood above its four-week moving average for 3 straight weeks as carriers.

On March 29, the freight rate for the voyages from Shanghai to base ports in U.S. West Coast and East Coast services came out at $2,264 per FEU and $3,411 per FEU, up $3 and $94 from the preceding week, respectively. It's been announced that on April carriers will try to implement a GRI of about $400/FEU in the Asia-West Coast trade, and $600/FEU to all other destinations.

In the Europe service, freight rates declined and stood below its four-week moving average for the first time in 3 weeks. On March 29, the freight rate for the voyages from Shanghai to base ports in Europe fell 9.1 percent (or $114) over the preceding week, to $1,140.

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