



Dear WorldTrans Partners,

An interesting and informative news article taken from the Journal Of Commerce on current status of container volume decline and expected 2010 increases.

January 11, 2010 News Story

Long downturn reverses in December; industry poised for growth U.S. container ports finally turned the corner in December, with imports estimated to be higher than in December 2008. This would mark the first year-over-year monthly increase in containerized imports in two and one-half years.

According to the monthly Port Tracker published by the National Retail Federation and Hackett Associates, year-over-year increases in imports are projected to continue for the next six months.

However, while growth rates compared to the same months in early 2009 will appear large, the rate of increase will be modest compared to the second half of 2009, said Ben Hackett.

"Although the first five months of 2010 are forecast to post large increases over the same period of the prior year (20.2 percent for the monitored West Coast ports and 13.1 percent for the monitored East Coast ports), growth rates for the prior five months are expected to be small," Port Tracker stated.

Although the exact December numbers have not yet been calculated, it appears that 2009 ended with a total import volume of 12.7 million 20-foot equivalent units for the 10 U.S. ports covered by Port Tracker. That represents a 17 percent decline from 2008 and the lowest annual total since 2003.

Nevertheless, it appears that the industry is poised for growth in 2010 as the U.S. consumer returns to the stores. "Retailers are still going to be cautious with their inventories, but we wouldn't see these increases in imports if stores weren't expecting sales to improve," said Jonathan Gold, vice president for supply chain and customs policy at the National Retail Federation.

"The U.S. economy is experiencing positive growth, with imports on the rise as a result of re-stocking and a rising consumer demand," Hackett said.

In related developments, Port Tracker noted that the active vessel capacity of the top 20 container lines dropped 2.4 percent in 2009. Capacity management will remain a key carrier strategy in 2010, and this could force freight rates to increase.

Carriers will continue other cost-cutting measures such as slow-steaming to reduce fuel consumption. This will result in longer transit times and will put pressure on supply-chain management.

Dan Smith, a principal with the Tioga Group, said prospects in 2010 for the intermodal railroads, trucking companies and freight intermediaries also appear to be positive. "If the ocean carriers can be described as 'cautiously optimistic,' the U.S. railroads could be described as 'cautiously hungry,'" Smith stated in Port Tracker. He noted that both the western and eastern railroads are expanding their mainline capacity and inland hubs in anticipation of growing cargo volumes.