



Trade Currents Navigator



August 2024

In Partnership With

AAPA

Contents

Executive Summary.....	1
Macroeconomic Developments	2
Containerized Imports.....	4
Containerized Exports	16
Appendix	24

Introduction

Significant uncertainties are likely to continue affecting U.S. container trade volumes in 2024 and beyond, including U.S. economic developments and global conflicts. However, there may also be some return to pre-COVID long-term trends in 2024 and thereafter. The Navigator highlights these long-term trends for commodities that have represented large growth or declines in volumes and notes how projected volumes may be expected to return to long-term trends. The August 2024 edition of the Trade Currents Navigator examines U.S. containerized trade, focusing on:

- 1) Economic indicators that drive trade demand (from U.S. Bureau of Economic Analysis data)
- 2) The top commodities that have contributed to increases or decreases in containerized imports and exports (from U.S. Census Bureau data reported through June 2024)

The granular data used to measure real containerized trade volumes by commodity is in weight terms as reported by the Census Bureau. Commodities are defined by Harmonized System codes (see Appendix). Recent trade volumes are compared with historic trends and seasonal patterns to offer insights into how they may return to those trend levels and seasonality through 2024 and 2025.

Trade Currents

Trade Currents was created to improve the understanding of U.S. international goods trade. The founding partners include internationally recognized economists and trade analysts Walter Kemmsies, Andrei Roudoi, and Scudder Smith. Trade Currents is a partner with AAPA in support of its Port Statistics Program to benefit ports, as well as the broader trade and logistics industry, research community, policymakers, and private institutions. Contact us at Walter.Kemmsies@tradecurrents.com, Andrei.Roudoi@tradecurrents.com, or Scudder.Smith@tradecurrents.com.

Warranty Disclaimer and Copyright

Information included in the Trade Currents Navigator is based on the opinions of Trade Currents Partners LLC and its contributors. Trade Currents Partners LLC makes no claims, promises, or guarantees about the accuracy, completeness, or adequacy of the contents of this publication, and expressly disclaims liability for errors and omissions in the contents of this publication. No warranty of any kind, implied, expressed, or statutory, is given with respect to the contents of this publication. The ©Trade Currents Navigator is provided to subscribers only for use within the subscriber's organization, and distribution outside the subscriber's organization is prohibited.

Executive Summary

Macroeconomic Factors:

- Consumer spending has remained strong despite the Federal Reserve (Fed) hiking interest rates in 2023. Construction has not held up as well except for expenditures on new manufacturing facilities, which in the second quarter of 2024 were more than double the quarterly average from 2019 to 2022.
- It is likely that real consumer spending on goods will gradually approach the long-term growth trend and residential and non-residential investment in structures will continue recovering, driving demand for imported housing fixtures, furniture, construction materials, and manufacturing equipment.

Imports:

- In 2023, containerized import volumes declined 12.9% from 2022, with furniture and wood accounting for almost a quarter of the total decline.
- However, volumes have been rebounding. Year-over-year, they grew 9.2% in January-June 2024. On the negative side, they fell 5% between May and June. Typically, the drop between these two months is 1%.
- Volumes of solar panels, the highest growth commodity in 2023, did not rise as much in the first half of 2024. In contrast, containerized import growth was mainly driven by a rebound in commodities whose volumes declined in 2024 – plastics, furniture, and articles of iron and steel. Rising containerization played the main role in the rebound of containerized imports of articles of iron and steel.
- In 2024 as a whole, a 7.9% increase in volumes is expected, with the top growth commodities except non-electrical machinery and motor vehicle parts growing by double-digits. Growth will likely slow in 2025.

Exports:

- In 2023, annual containerized export volumes fell 3.5%, continuing a negative trend that started in 2019. Waste paper was the main contributor to the decline.
- However, exports grew on a month-by-month basis beginning in July 2023, except in January and April 2024, when they fell due to seasonal factors. In January-June 2024 exports rose 6.7% year-over-year.
- Polyethylene in primary forms remained the top containerized export growth commodity in the first half of 2024. Exports of food industry residue and waste, as well as kaolin coated paper, also continued strong expansion. At the same time, several commodities with sharp declines in 2023, such as kraft paper and forage, strongly rebounded. Waste paper again posted the most substantial decline.
- Higher containerization rates added more than four percentage points to growth in January-June 2024.
- Exports will likely grow 3.3% in 2024 as a whole and stay flat in January-September 2025. Food residue, ferrous scrap, kraft paper, and kaolin coated paper exports are expected to grow at double-digit rates in 2024.

Key Risk Factors:

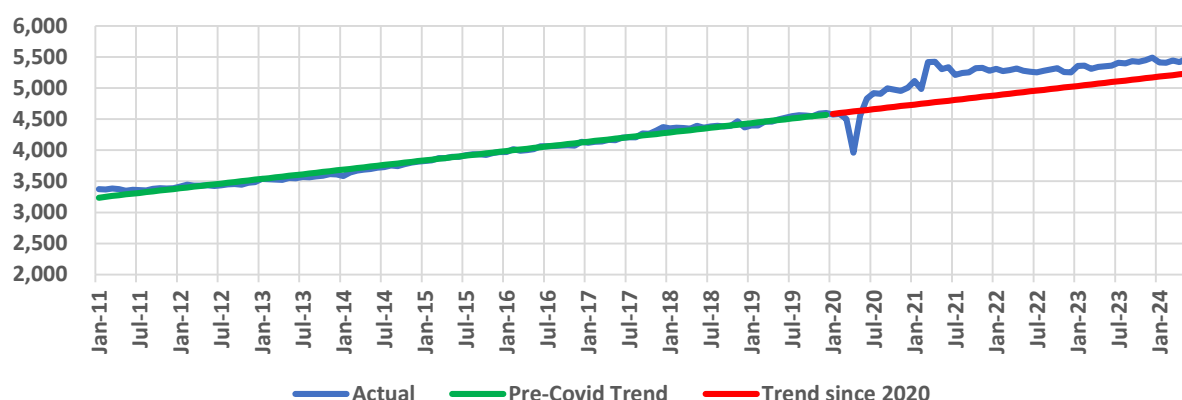
- A worsening geopolitical situation, such as a possible spread of the Middle East conflict, could lead to imported volumes below projections. Such declines could occur due to added costs resulting from trade route relocations or higher security and insurance costs, possibly leading to increased domestic sourcing.
- Monetary policy is expected to be loosened in 2024 but persisting inflation might slow the Fed's reduction of interest rates. On the other hand, quicker easing of inflation or a threat to economic growth coming, for example, from significantly aggravated geopolitical instability, could prompt the Fed to relax monetary policy more quickly.
- Volatility in containerization rates is also a risk to volume projections, both positive and negative, with exports more likely to switch between bulk and containerized shipment than imports.

Macroeconomic Developments

Consumer Spending:

- As a result of stimulus funding and changes in consumer spending patterns, real consumer spending on goods has been consistently above the long-term pre-COVID trend since June 2020. The gap above the trend was steady at 4% from January through June 2024.
- The U.S. labor market added 114 thousand jobs in July 2024, substantially below economists' projections, and the unemployment rate rose by 0.2 percentage point to 4.3%. Nevertheless, barring sharper growth in unemployment, spending on goods will likely gradually approach the trend without a substantial drop.
- In addition, a revival in spending on services could boost imports of food and beverages for restaurant consumption, as well as goods related to travel.

Real Consumer Spending on Goods, billions of 2017 dollars, seasonally adjusted at annual rates



Sources: Bureau of Economic Analysis, Trade Currents estimates

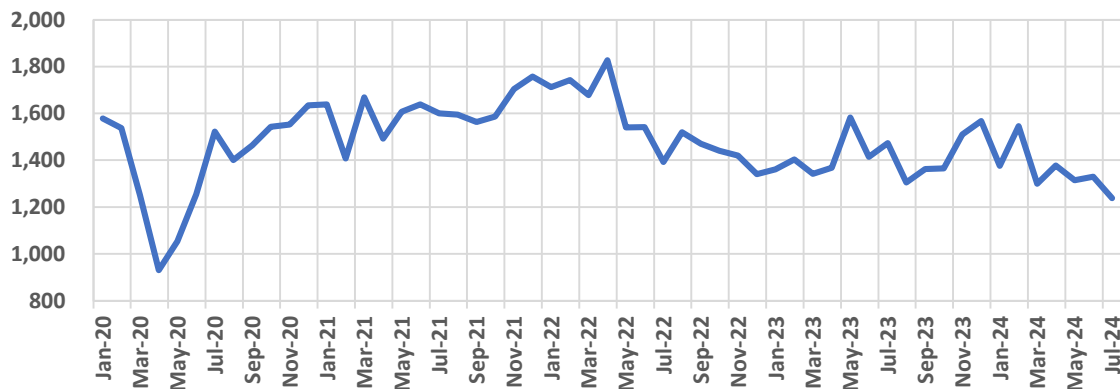
Fixed Investment:

- While the Federal Reserve's monetary policy has not reduced consumer spending to pre-pandemic trend levels, it has had a major negative impact on fixed investment.
- Real residential investment boomed during the COVID pandemic. The boom lasted through the first half of 2022, but residential investment then dropped steeply. By the first quarter of 2023, it fell to a level not seen since 2015. Residential investment rose a robust 6% year-over-year in the second quarter of 2024. Nevertheless, it was still 16% less than the peak in the first quarter of 2021.
- There was no pandemic-related boom for real non-residential investment.
- Following a drop in the first half of 2020, real non-residential investment in equipment grew slowly with several setbacks. Nevertheless, it increased 1.6% year-over-year in the second quarter of 2024, reaching an all-time high. The previous all-time high was in the third quarter of 2022.
- Real non-residential investment in structures fell sharply during the pandemic. By the third quarter of 2022, this investment contracted to the lowest level since 2013. However, since the third quarter of 2022, it has been rising, including an increase of 6% year-over-year in the second quarter of 2024, when it almost reached the third quarter of 2019 peak.
- Residential investment in structures has substantial growth potential that could be limited if interest rates remain high, but potential for investment in equipment is more problematic.



- Seasonally adjusted housing starts increased every month between August and December 2023, but by July 2024 they fell 21% from the December level. Nevertheless, the residential investment outlook is favorable, depending on the pace of monetary policy relaxation.
- The prospects of growth in non-residential investment in structures have increased primarily due to increases in construction of manufacturing facilities, as the U.S. seeks to repatriate production, including the manufacturing of autos, computer components, and healthcare-related products.
- A recovery in investment in structures would positively affect imports of building materials, appliances, furniture, and other furnishings.
- Year-over-year investment growth in two major equipment categories – computers and light trucks – was especially robust in the second quarter of 2024. Momentum for increases in investment in computers and light trucks remains strong.

New Privately-Owned Housing Units Started, thousands, seasonally adjusted at annual rates

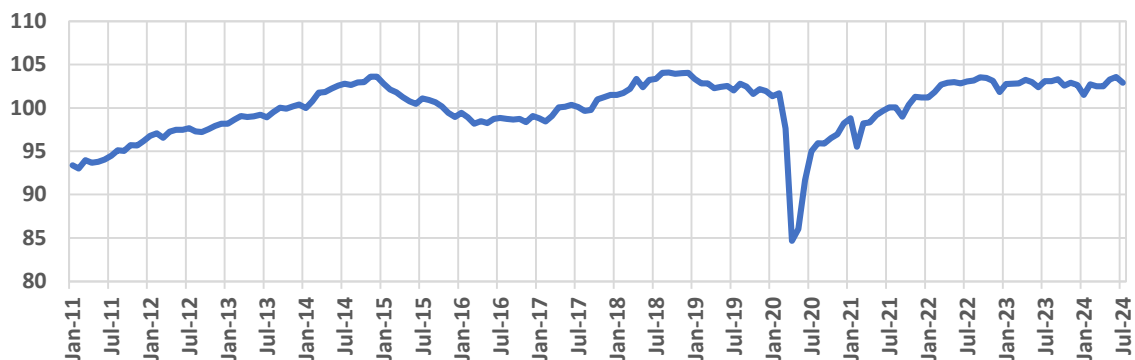


Source: Federal Reserve Bank of St. Louis Economic Database (FRED)

Industrial Production:

- Real industrial production was on a slight downward trend that started in the fall of 2022 and lasted until January 2024, following a long recovery from the slump at the beginning of the COVID pandemic.
- Industrial production increased starting in February, and in June reached the highest level since December 2018 before dropping slightly in July. Production will likely trend upward, boosted by recent investment and retailers' inventories being trimmed back to more sustainable levels compared to sales.

Real Industrial Production, index numbers (2017 = 100), seasonally adjusted



Source: Federal Reserve Bank of St. Louis Economic Database (FRED)

Containerized Imports

Outlook:

- Containerized import volumes in July and August 2024 were likely close to the May level. Starting from September, volumes are expected to trend downward through February 2025, a typical seasonal low.
- Volumes fell 12.9% in 2023 but will likely grow 7.9% in 2024. Growth is expected to notably slow in 2025.

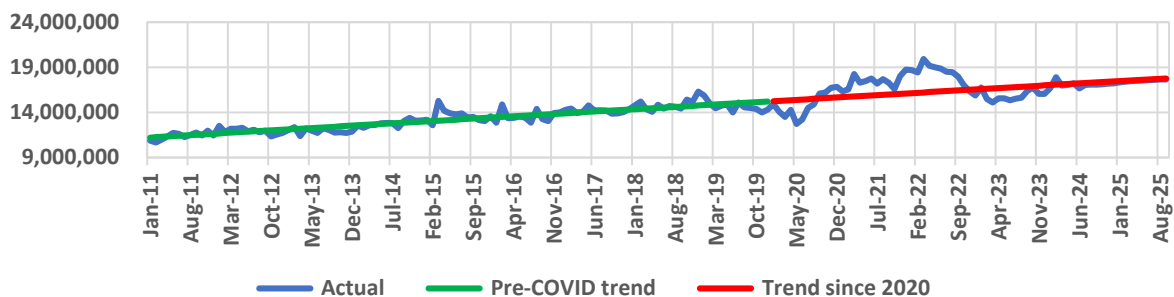
Outlook Background:

- Containerized imports declined in the second half of 2022, as the stimulus funding impact diminished and monetary policy tightened. However, volumes have been rebounding. In the first half of 2024, they increased 9% year-over-year.
- On the negative side, imports fell 5% between May and June. Typically, the drop between these two months is 1%. Also, in June the seasonally adjusted volume dropped to 4% below the long-term pre-COVID trend, while in May it was 0.3% above the trend.

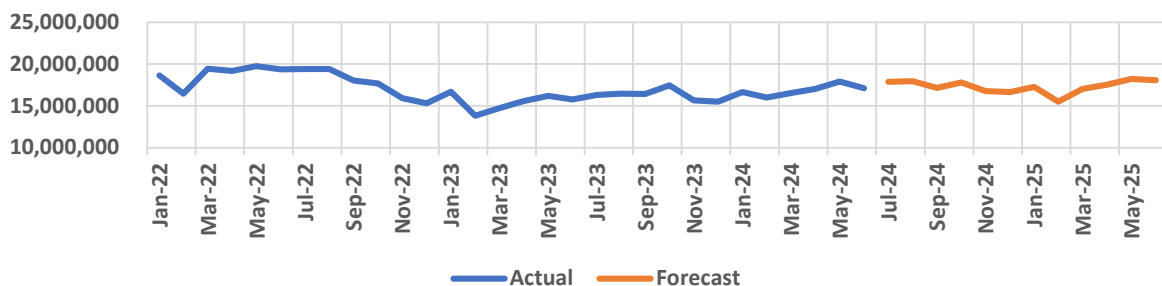
Key Risks:

- Geopolitical instability is the main risk factor. This includes the Red Sea crisis, which has created a significant risk of major disruptions for imports from South Asia. Containerized imports from that region fell 16% between May and June 2024, three times more than total containerized imports.
- China accounted for almost 40% of the total containerized import increase in January-June 2024. China's economic woes and tensions with the U.S. could lead to import volumes lower than expected.
- The pace of monetary policy relaxation may have an impact on imports, either positive or negative.
- Containerization volatility and changes in competition with overland shipments from Canada and Mexico could reduce or increase containerized import volumes from current projections.

Total Containerized Imports, seasonally adjusted, metric tons



Total Containerized Imports, not seasonally adjusted, metric tons





Principal Commodities - Import Volumes

- Plastics contributed the most to the containerized import increase in the first half of 2024. Other top growth commodities include furniture; articles of iron or steel; machinery (electrical and non-electrical); wood (excluding continuously shaped); organic chemicals; motor vehicle parts; and glass. Except for electrical machinery, the top growth commodities rebounded following sharp drops in 2023.
- Import growth was relatively broad-based. Year-over-year growth occurred for 745 four-digit HS commodities versus 471 commodities with declines. However, the top three commodities, whose share in total U.S. containerized volumes was just 17% in the first half of 2023 played a disproportionately significant role, accounting for 34% of the year-over-year increase in total containerized imports in the same period of 2024.
- Apparel is included in this Navigator issue as a commodity in spotlight. Unlike many other major commodities with significant drops in 2023, apparel imports were flat in the first half of 2024.
- Solar panels, which had the most significant containerized import increase in 2023, contributed significantly less to U.S. containerized import growth in the first half of 2024. Imports of lithium-ion batteries, another commodity that drove containerized import growth in 2023, declined in January-June 2024.
- Commodities with major volume declines in the first half of 2024 include wood, continuously shaped. The 2024 decline followed a drop in 2023.
- Changes containerization rates added one percentage point to growth in January-June 2024.

Containerized Imports

Commodity	Thousands of metric tons			Year-over-year growth rates			
	2023 H1	2024 H1	Difference	2023	2024 H1	2024	Jan-Sep 2025
Total commodities	92,651	101,156	8,504	-13%	9%	8%	3%
Top growth commodities in January-June 2024							
Plastics	6,143	7,302	1,159	-11%	19%	12%	-1%
Furniture	5,766	6,766	999	-18%	17%	13%	11%
Articles of iron or steel	4,209	4,962	753	-12%	18%	10%	1%
Electrical machinery	6,177	6,901	724	6%	12%	11%	0%
Machinery, excl. electrical	7,166	7,776	611	-8%	9%	5%	1%
Wood, excl. continuously shaped	2,833	3,361	529	-21%	19%	13%	14%
Organic chemicals	2,173	2,516	342	-8%	16%	17%	0%
Motor vehicle parts	2,498	2,817	319	-16%	13%	6%	-2%
Glass and glassware	1,185	1,453	268	-27%	23%	17%	8%
Commodity with major volume decline in January-June 2024							
Wood, continuously shaped	588	436	-152	-60%	-26%	-16%	0%
Commodity in spotlight							
Apparel	2,087	2,094	7	-21%	0%	5%	7%