



# Economic Outlook and Ports

Paul Bingham

Managing Director, Global Trade and Transportation

February 18, 2009

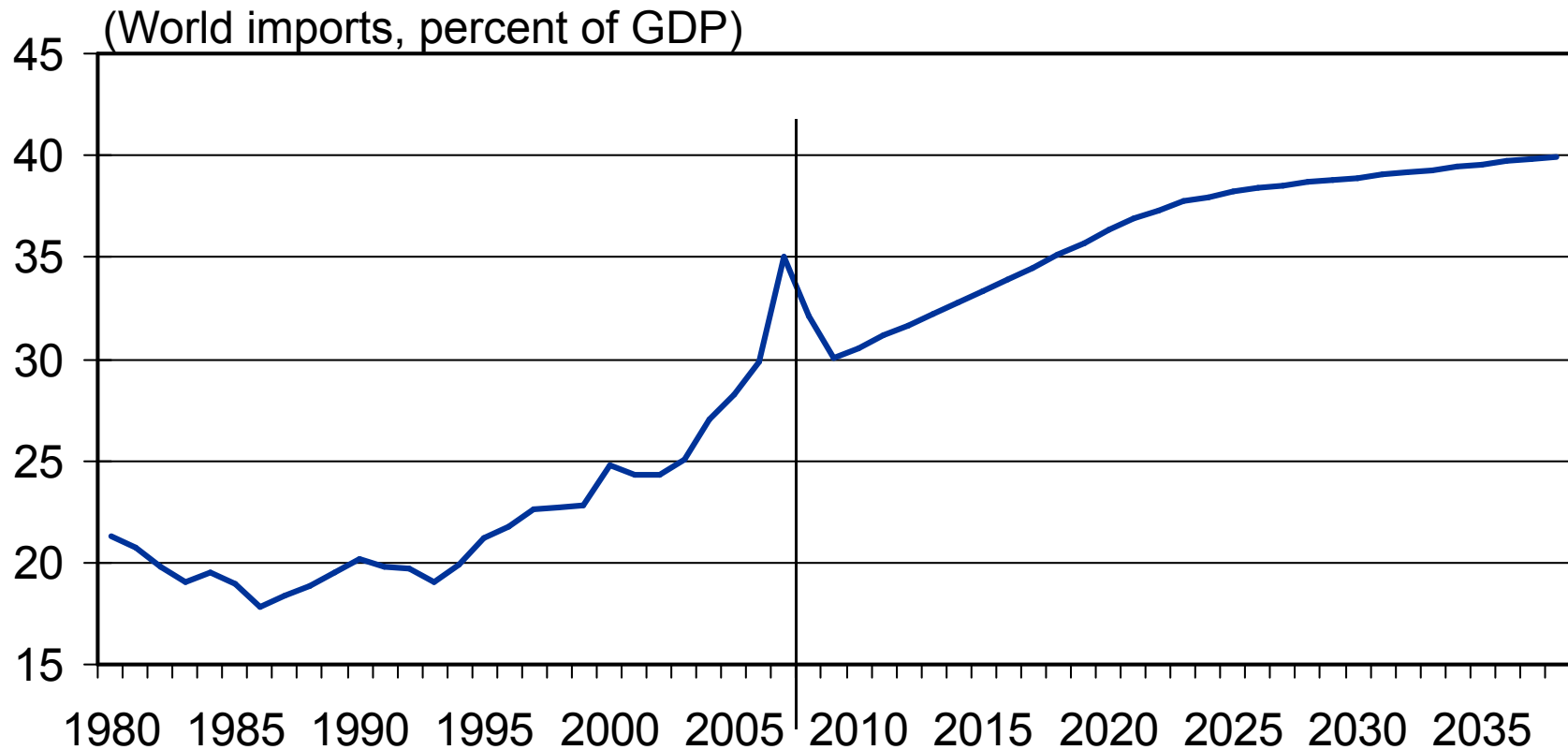


The Source for Critical Information and Insight™

# The Outlook for Trade Depends on Goods Demand

- Integrated international supply-chains offer efficiencies but increase interdependencies between economies
- Globalization increased business-cycle synchronization
- The increased importance of trade as a share of economies increases vulnerability of economies to outside forces
- Import and export trade is affected by the current global recession. Weak U.S. import demand has slowed foreign economies which, in turn, are reducing demand for U.S. exports

# World Trade Share of Economic Activity: Declines in 2009 with Prices and Goods Demand

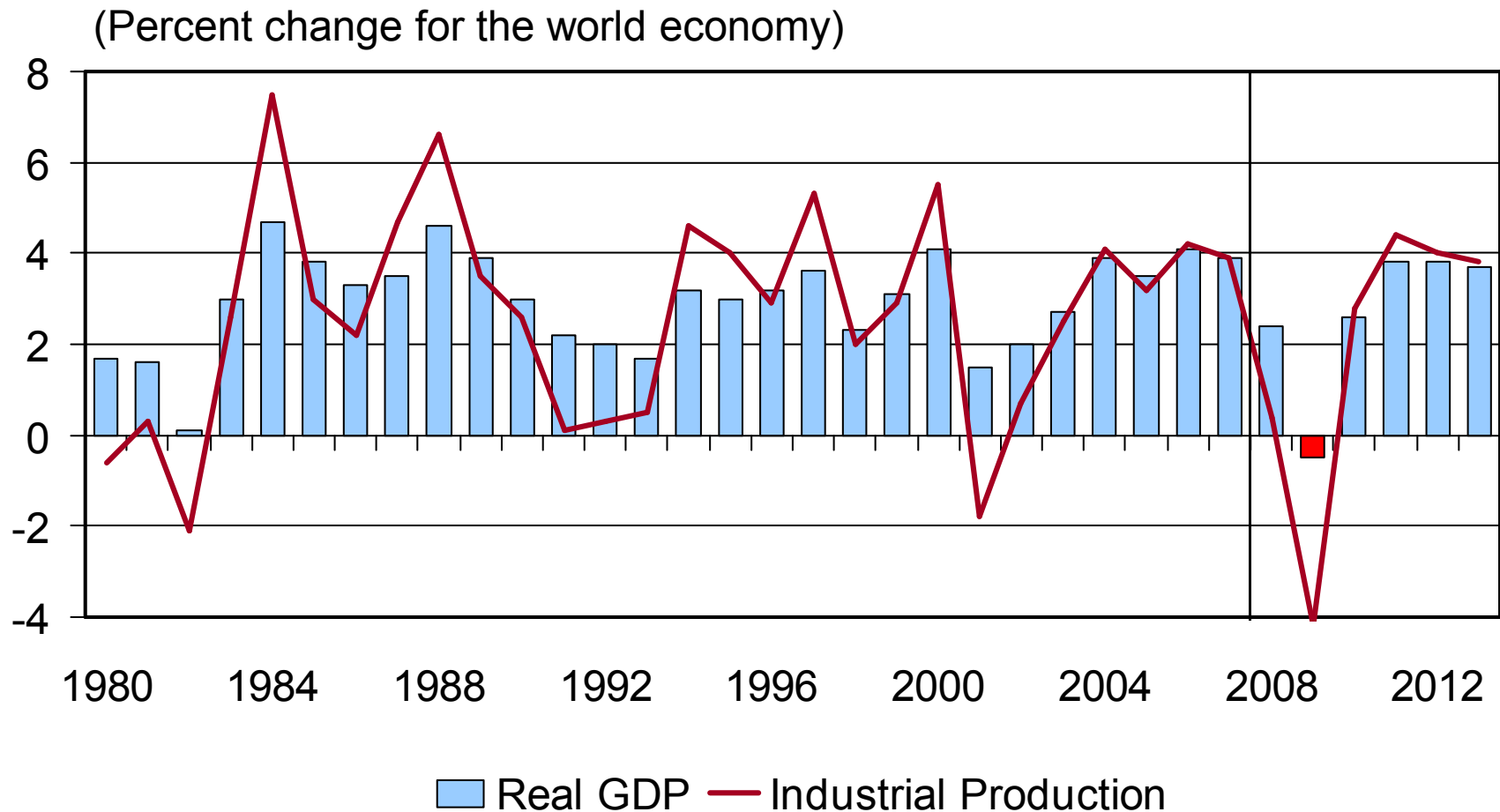


Long-term trend towards increased trade will reassert itself in recovery in 2010

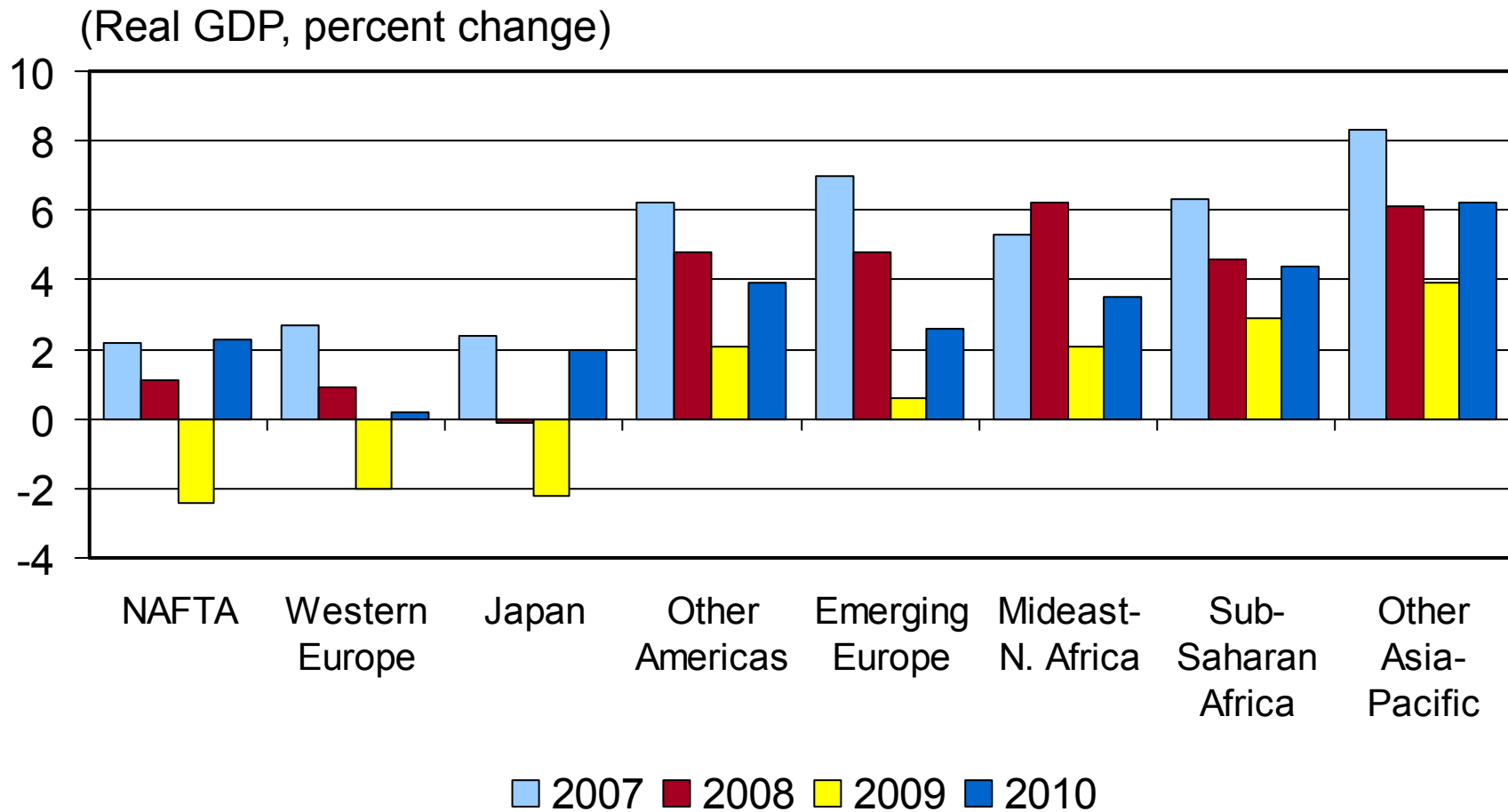
# The Worst Global Recession in Six Decades

- North America, Europe, and Japan are facing severe downturns
- Growth in emerging markets will slow dramatically
- The financial crisis ended the U.S. export boom
- A Great Depression or Japan-style lost decade is unlikely
- Huge fiscal and monetary stimuli will help to spark recovery
- Base line forecast: deep recession in 2009, modest recovery in 2010, and a stronger rebound in 2011

# The World Economy Faces the Worst Recession of the Post-World War II Era, then Recovers



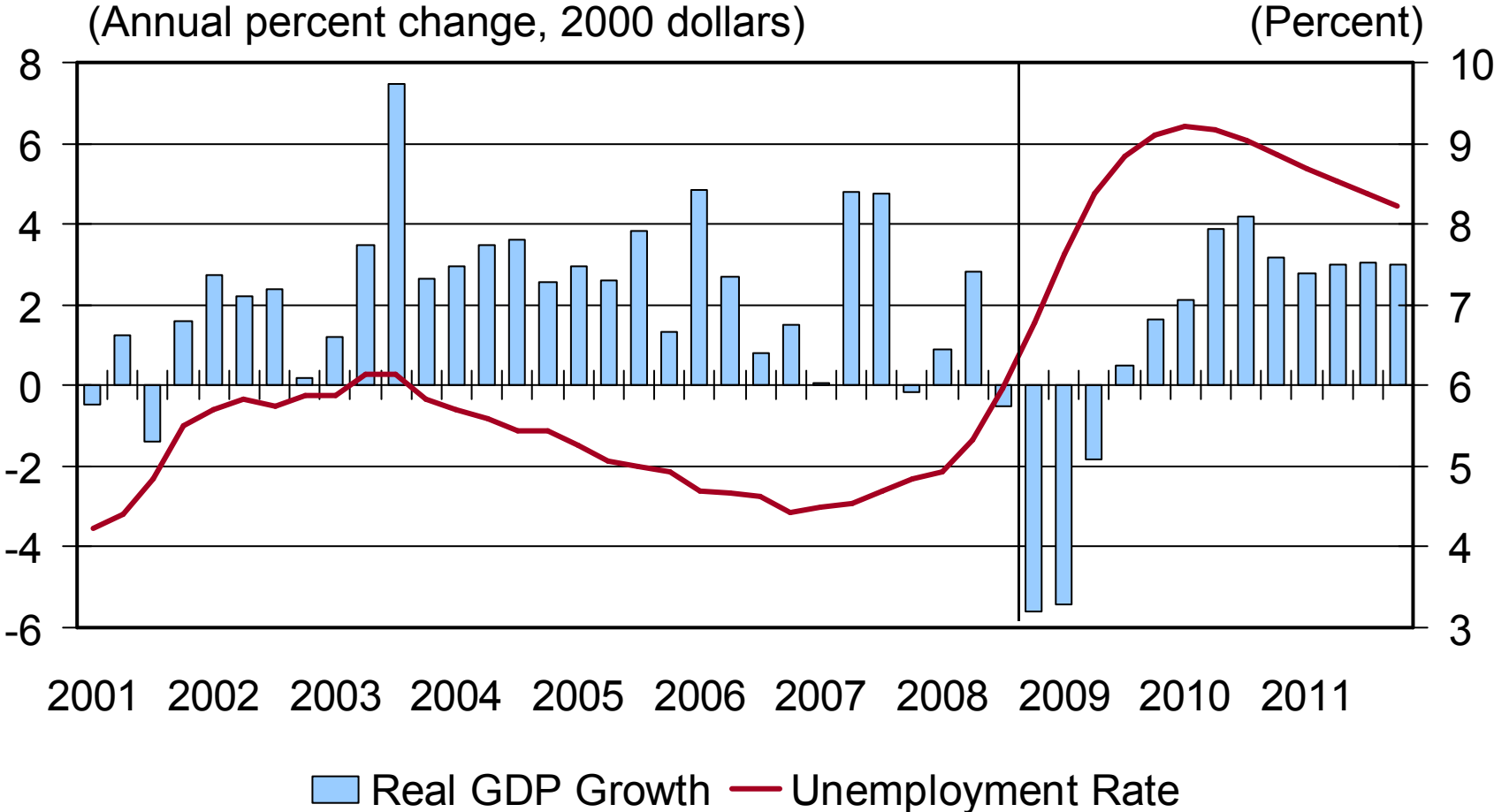
# Economic Performance Varies Widely by Region



# The U.S. Economy Still in Deep Recession

- This recession in the U.S. will be long and deep, comparable to the worst in the postwar era
- The global financial crisis has ended the U.S. export boom
- Consumers, businesses, and state & local governments are restraining spending as their finances deteriorate
- Federal fiscal stimulus and lower energy prices will help to spark recovery beginning in late 2009
- Stimulus bill spending is spread broadly across many sectors leaving U.S. transportation infrastructure needs unmet

# U.S. Recovery in 2010; Unemployment Up Longer





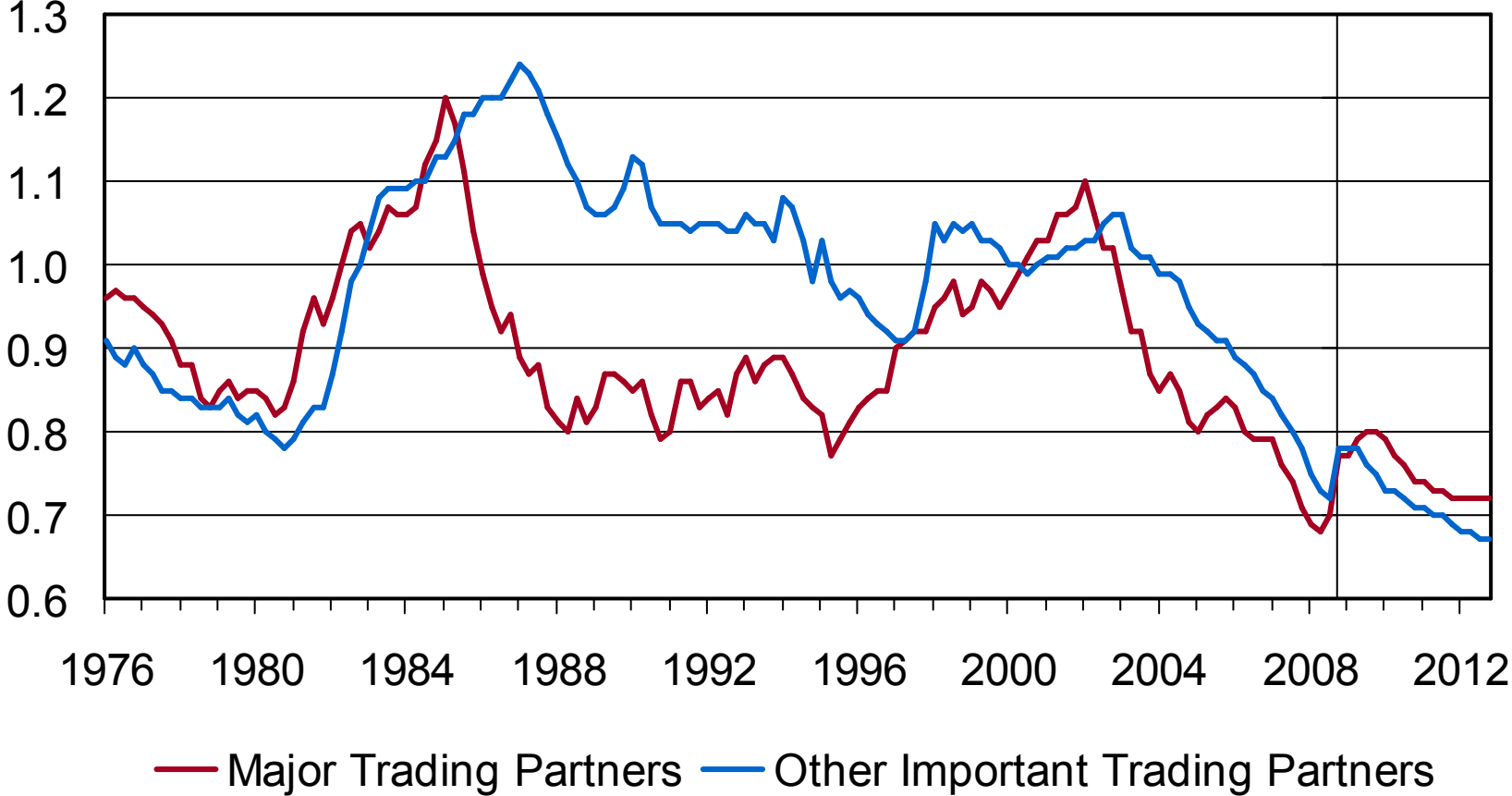
# U.S. Economic Growth by Sector

(Percent change in value)

	2007	2008	2009	2010
Real GDP	2.0	1.2	-2.7	2.7
Consumption	2.8	0.3	-1.0	2.5
Residential Investment	-17.9	-21.0	-23.1	15.8
Bus. Fixed Investment	4.9	1.9	-15.2	-1.3
Federal Government	2.1	2.9	1.4	0.9
State & Local Govt.	2.3	1.2	0.4	2.9
<b>Exports</b>	<b>8.4</b>	<b>6.5</b>	<b>-9.4</b>	<b>-1.1</b>
<b>Imports</b>	<b>2.2</b>	<b>-3.3</b>	<b>-11.8</b>	<b>7.0</b>

# U.S. Dollar Recovery is Brief

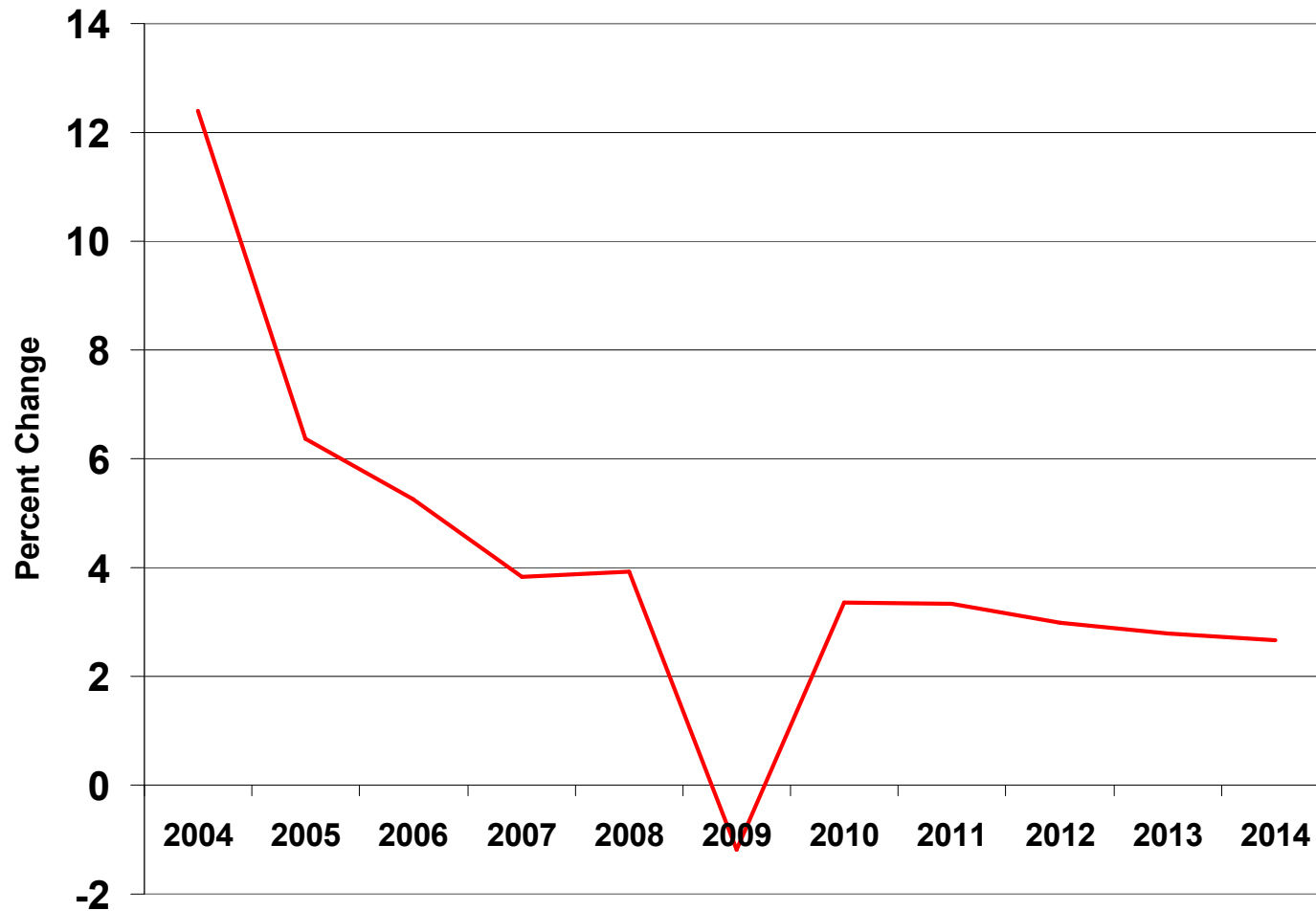
(Real Trade-Weighted Dollar Index, 2000=1.0)



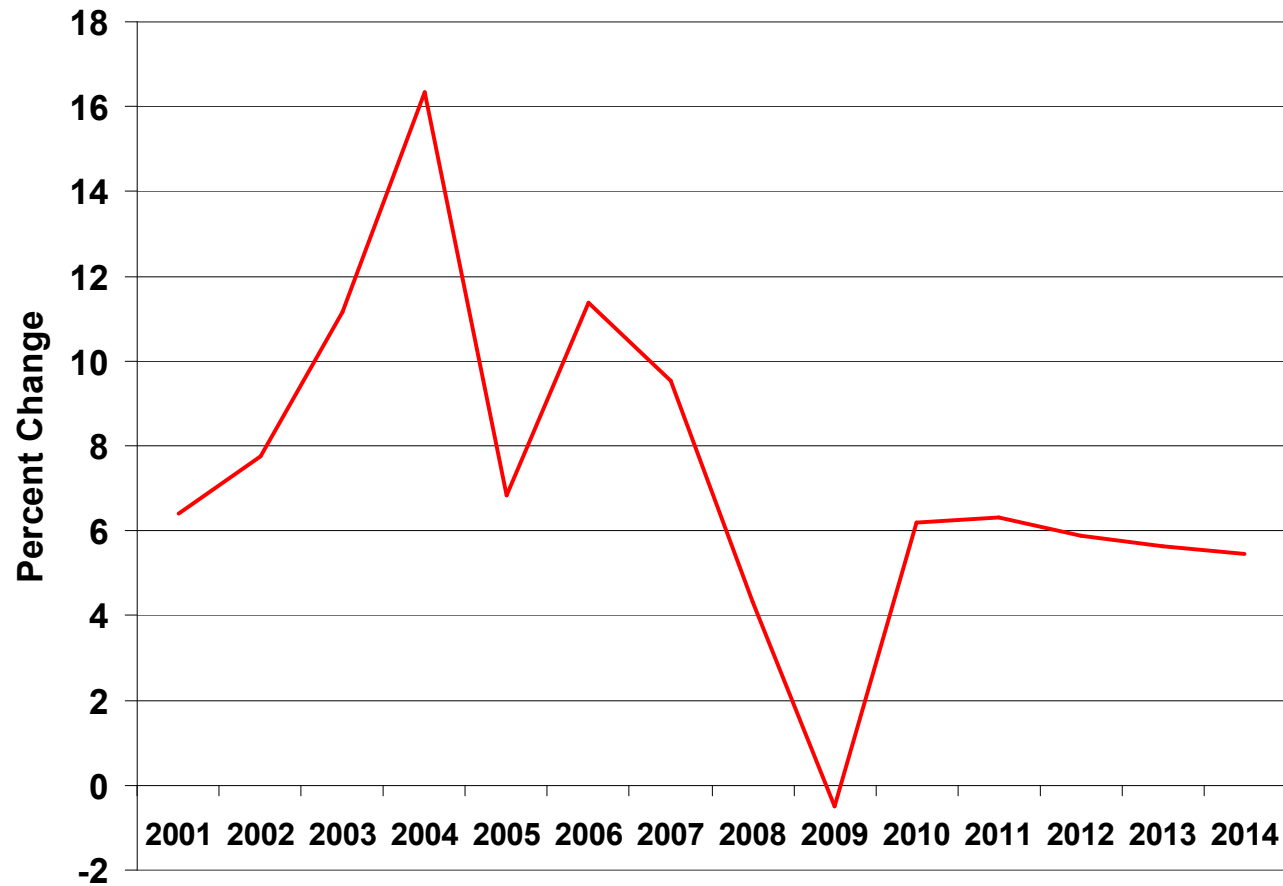
# Canada and Mexico are also in Recession

- Real GDP is expected to decline through mid-2009 in both
- Exports and investment are declining, while consumer spending has stalled
- The global financial crisis and falling commodity prices and equities prices have affected business in both countries
- Sectors that will be hit hard in 2009 include petroleum, construction, mining and transportation equipment

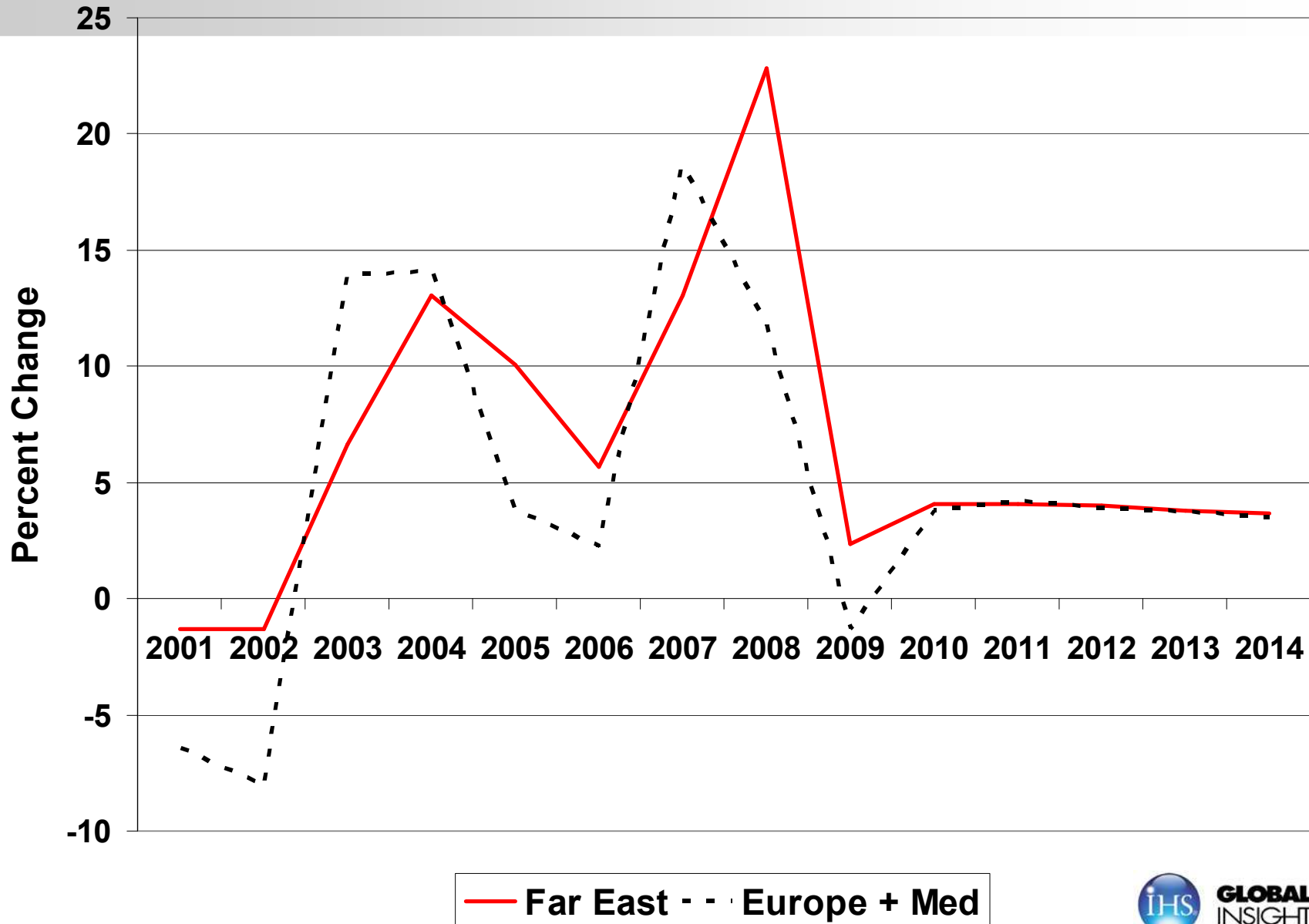
# Total World Seaborne Trade Tonnage Falls in 2009



# Total World Container Trade Volume Drops in 2009



# U.S. East-West Container Export Boom over in 2009



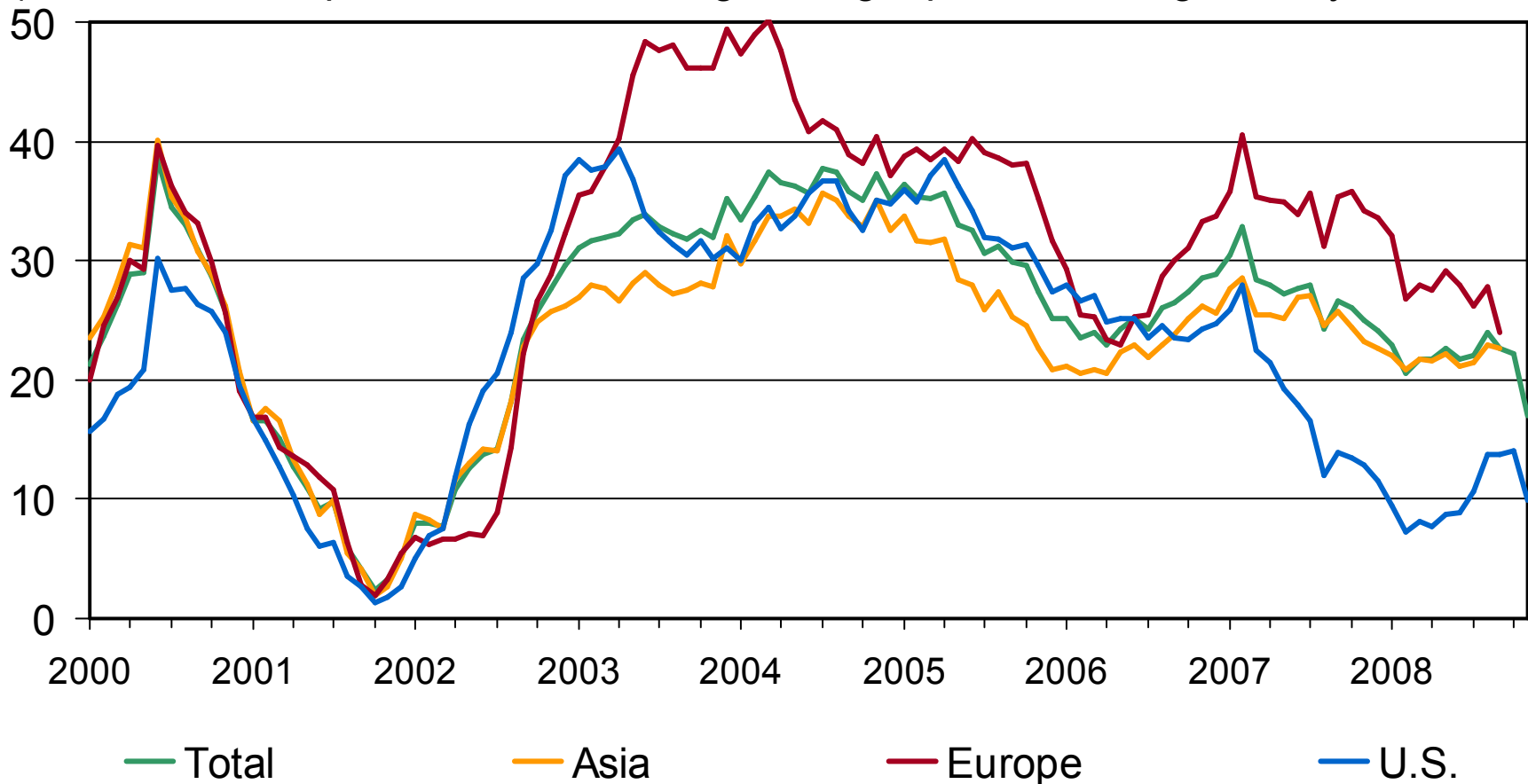
# U.S. East-West Container Imports Still Down in 2009



— Far East - - - Europe + Med

# China Export Growth has Slowed Most with U.S.

(Merchandise exports 6-month moving average, percent change from year earlier)





# Implications for Ports

- Short-run has port customers mostly in survival mode, with the strong positioning for higher market shares when recovery takes hold.
- Long-term, rebounding and increasing U.S. trade volume eventually adds new traffic through smaller port gateways and on secondary traffic lanes. Big ports run up against capacity limitations, *eventually*.
- Trade growth through ports affected by inland transport rail & truck mode portions of shipments. These are under pressures from energy, environmental and labor dimensions over the long-term.
- Port cash flow and access to financial markets are now critical.

# Thank you!

Paul Bingham

Managing Director, Global Trade and Transportation

[paul.bingham@ihsglobalinsight.com](mailto:paul.bingham@ihsglobalinsight.com)

202.481.9216



**GLOBAL**  
INSIGHT

The Source for Critical Information and Insight™