

# Transportation Perspectives



April 2014

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## U.S. Economic Outlook:

A compilation of various sources

	<b>2013</b>	<b>2014 E</b>	<b>2015 E</b>
<b>GDP</b>	<b>1.9 %</b>	<b>3.0 %</b>	<b>3.3 %</b>
<b>Unemployment</b>	<b>7.4 %</b>	<b>6.4 %</b>	<b>5.7%</b>
<b>Fed Funds rate</b>	<b>.1 %</b>	<b>.1 %</b>	<b>.4 %</b>
<b>Cons. Spending</b>	<b>2.0 %</b>	<b>2.9 %</b>	<b>3.1 %</b>
<b>10 Yr. Treasuries</b>	<b>2.4 %</b>	<b>3.0 %</b>	<b>3.3 %</b>

- Slow, But Steady Economic Growth
- Ports will be squeezed by shipper's increased capacity

## Industry Outlook

Impact on ports, terminals and infrastructure of the movement of crude oil and gas by Rails & Marine

The growth in shipping lines' container capacity is double that of the container demand at the Ports

The imbalance between supply and demand from the shipping Lines will squeeze fees at ports

U.S. Ports need to invest billions into channel depth, equipment (cranes, etc.) storage facilities, real estate, technology and connectivity to rail & road freight movement to attract/retain shipping lines.

## **Regional Port discussion:**

### **Four Major Regions**

**East Coast:** Panama Canal and the European economic cycle

Investments in ports to retain “old business” and jockey for position to attract the anticipated Panama canal freight as only 4 ports possess the channel depth.

i.e.) NY-NJ Port is raising the Bayonne bridge

**Gulf Coast:**

**Energy- Shale oil and gas**

## **The U.S. and World Game Changer**

Today, Rails and Barges will move this energy. Pipelines may be an eventual strategy, but not in the near term.

Will this energy be consumed in the US?  
Or Exported?

Either way: Infrastructure, terminals, refineries, etc. will be needed to support this activity

This Region will receive tremendous National/International investment in the future.

**West Coast:** Asia, the manufacturer of goods

The volume of goods from Asia, “the Manufacturing Giant”, who supplies the US consumer, is unchanged.

The big West Coast ports remain the entry point for these goods. They possess the location, the deep ports, and strong connectivity to US rail system to efficiently supply the Mid-West and East Coast markets.

Volume and activity will follow expected US GDP, consumer spending, and similar measures of the world economy.

It will be difficult to unseat this region, if “it” comes from Asia; it travels through a West Coast port.

## **Mexico:** Auto and near sourcing resurgence

The U.S. to Mexico traffic is strong and growing. As the U.S. economy grows, consumers spend and the auto industry recovers.

Car plants in Mexico are driving demand for cross border traffic.

The movement of raw materials and finished goods will spur activity and investment.

## Economic Outlook:

Believe the U.S. economy may achieve a 2-3 % growth in real GDP depending on “Government Happenings”

Monetary Policy remains relatively unchanged for the short term and long term credit markets over the next 12-18 months.

The U.S. Political parties recognize that a Government shutdown/ slowdown will only hinder the U.S. economy during this time period

Barring any Geo-Political Calamities



# The Game Changer

If we can access the shale oil and gas energy, and bring it to market in an efficient and environmentally neutral process, then we will reset the U.S.'s Economic Engine

- Lower cost of doing business
- Spur investment in U.S.
- Trade deficit
- Employment
- U.S. Debt level