

The Rebound Thus Far

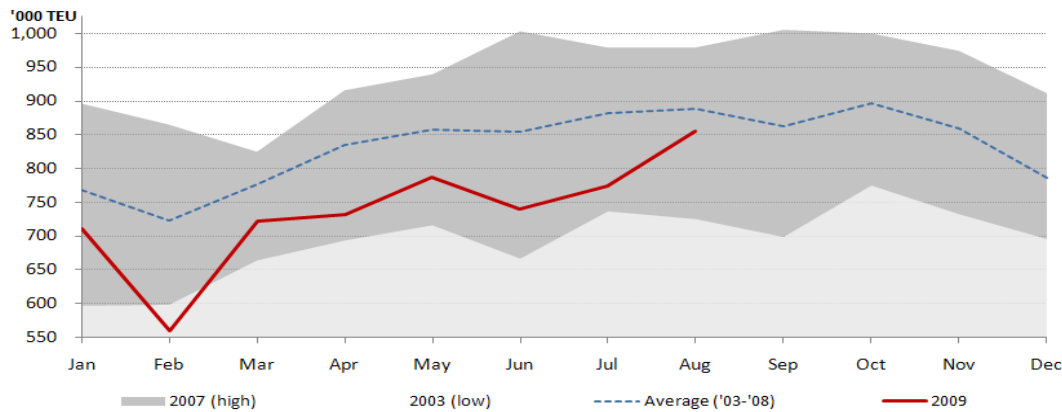
22 September 2009

We've been tracking the trade rebound in containers over the last couple of months. The rebound was in intensive care much of the time. Until about 1-2 months ago. We list two illustrative charts here for public reference. The second chart showing second tier China ports are back to pre-crisis levels sends the rebound message most clearly.

We have seen resurgence in trade volumes in Aug-Sept. This is good. A weak dollar may also help give a little kicker to the flows, based on our long term view of what dollar does for trade. After all, this is one of the desired effects of debasing the dollar slowly.

Where we are still a little concerned on rebound so far: 1) slope of rebound has been soft up until August... so we need a further acceleration post peak season...; and, 2) data series often pointed too are being supported by subsidies/government injections.

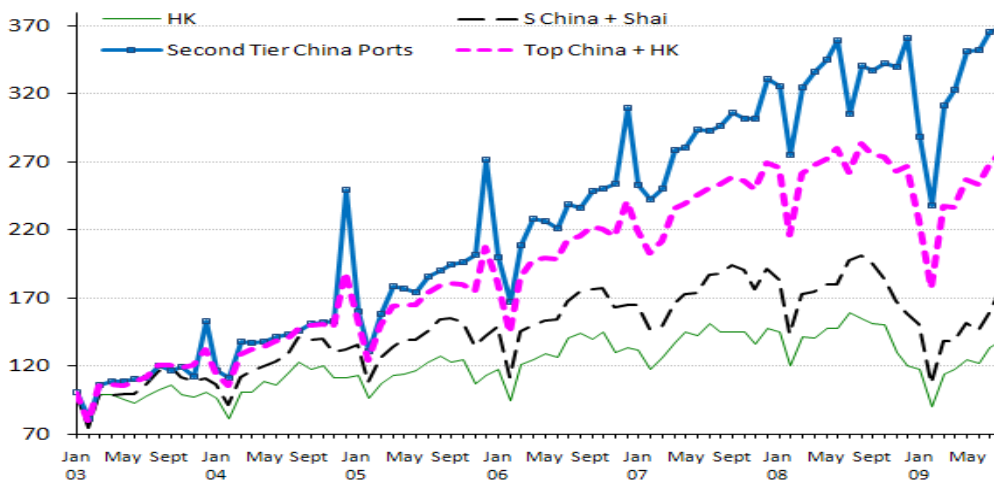
LA + LB S California Loaded Inbound & Outbound: Volumes Look Better w/Outbound Included (helping rebalance trade* to best levels since '97+)



Sources: LA & LB; Transport Trackers

* Note: 09E could see a 40% decline in box imbalances as measured from 05 peak

HK and China Ports Rebased (100 = Jan '03)



Sources: Transport Trackers; Ports

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