

TRB Committee on International Trade and Transportation COVID-19 Impacts on Trade

Impacts in 2020 and 2021

July 13, 2021

Paul Bingham

International Trade Impacts

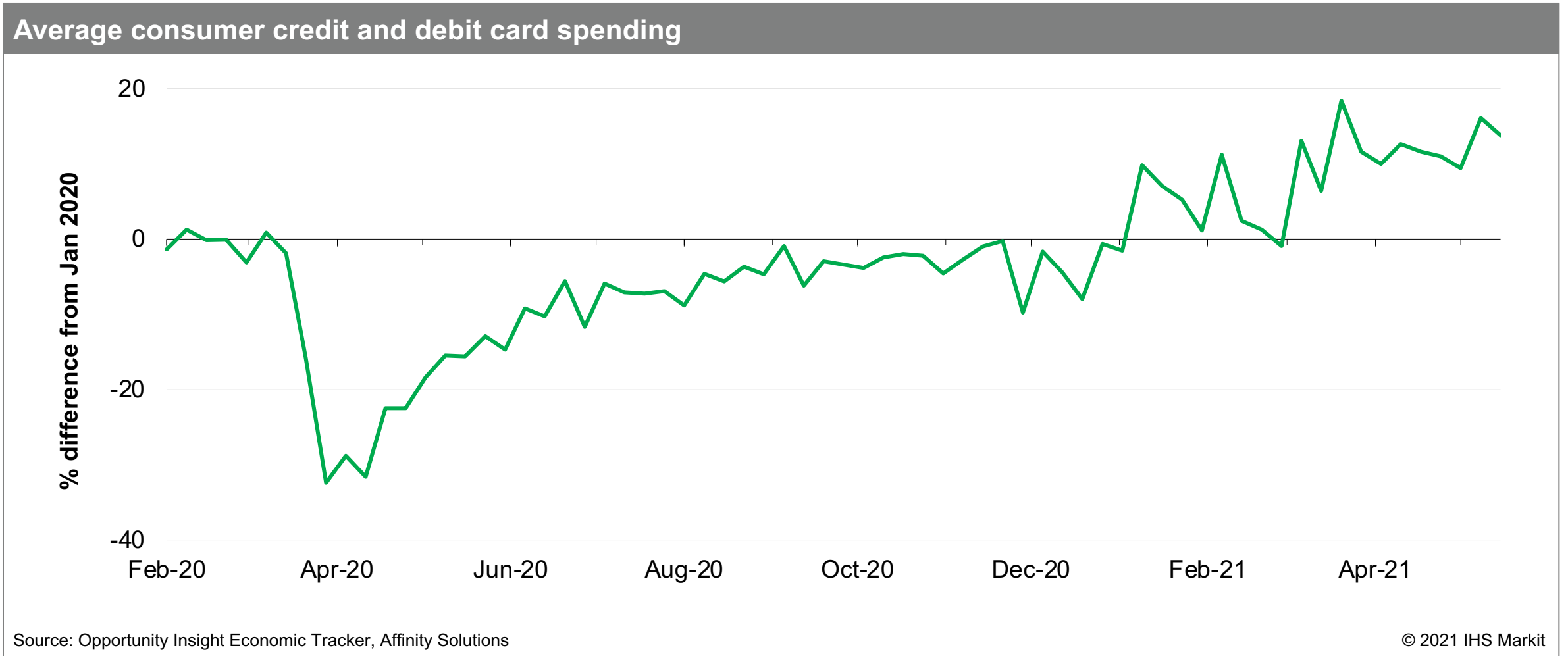
Macroeconomic Context:

- ❑ US consumer demand still strong in Q3 2021 due to lingering Federal stimulus, wealth effect, savings
- ❑ Q1 2021 US personal consumption expenditures (PCE) rose 11%; IHS estimates 11.4% in Q2, at annual rates
- ❑ US manufacturing industrial production up 0.4% despite autos production weakness with supply shortages.
- ❑ IHS Markit Purchasing Manager Indexes (PMI) indicate the near-term trouble in supply chains and shifts in supply chain strategies away from Just-In-Time lean inventories

Trade Indicators:

- ❑ Imports and trade deficit growing despite shipping delays and high rates

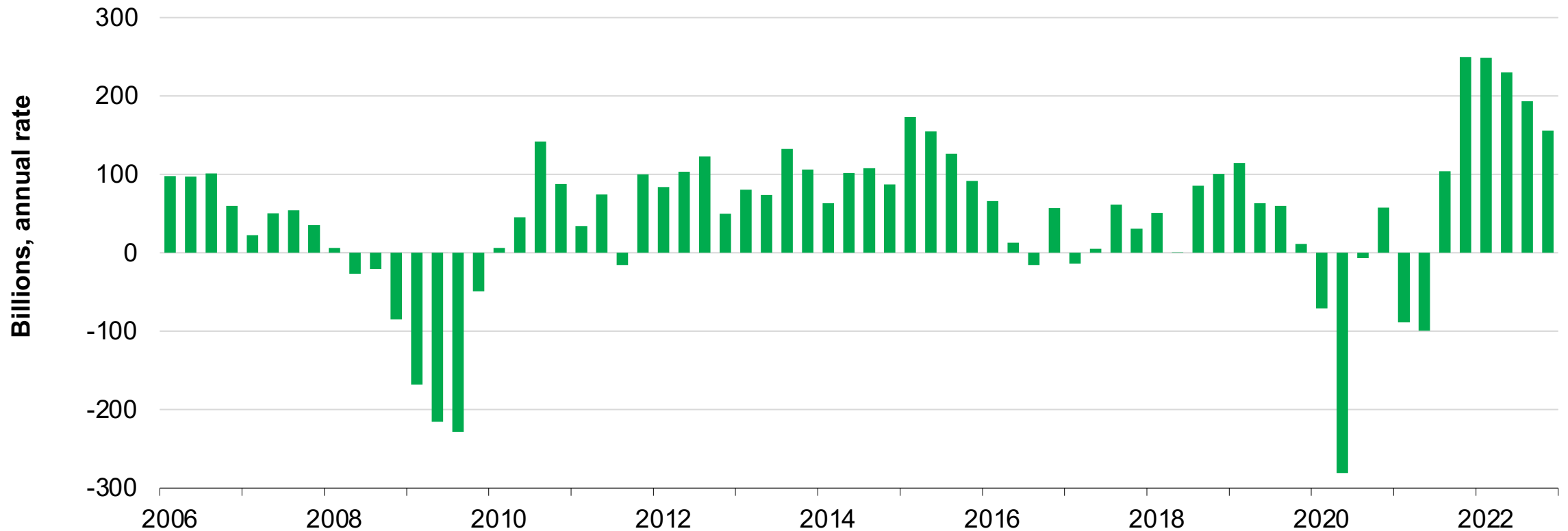
Import demand: U.S. consumer card-based spending still increasing in 2021



US business inventories fell in 2021 1st half. Demand exceeds supply

Unlike intentional inventory draw-down in 2020 recession, this was unwanted

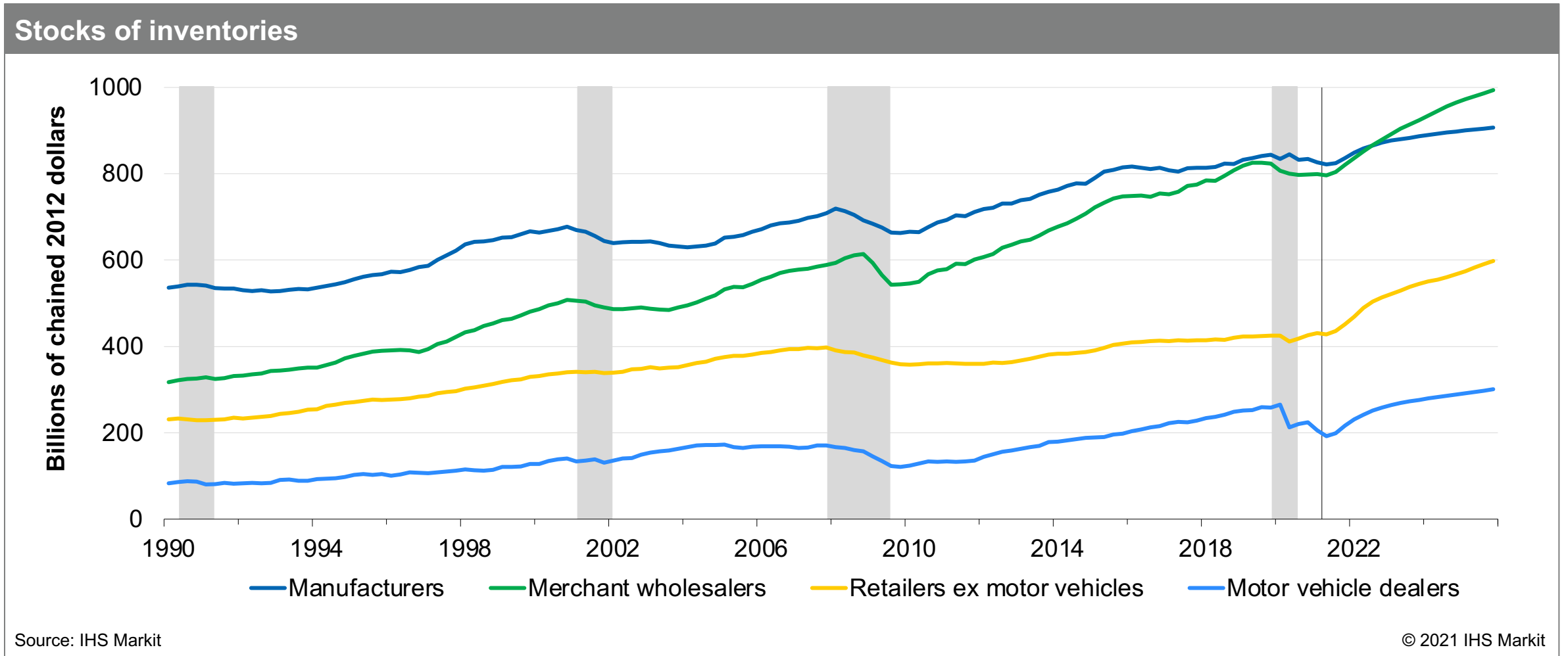
Change in private nonfarm inventories, 2012 dollars



Source: IHS Markit

© 2021 IHS Markit

U.S. inventories down more than overall manufacturing, wholesale, retail



Purchasing Managers Index (PMI) Surveys of Supply Chain Indicators: supplier delivery time and inventory indexes are short-term leading indicators

Suppliers' Delivery Times Index

- “Please **compare** your suppliers' **delivery times** (volume weighted) **this month with** the situation **one month ago**”

Faster / Same / Slower

Stocks of Purchases Index

- “Please **compare** your **stocks** of purchases (in units) **this month with** the situation **one month ago**”

Higher / Same / Lower

Stocks of Finished Goods Index

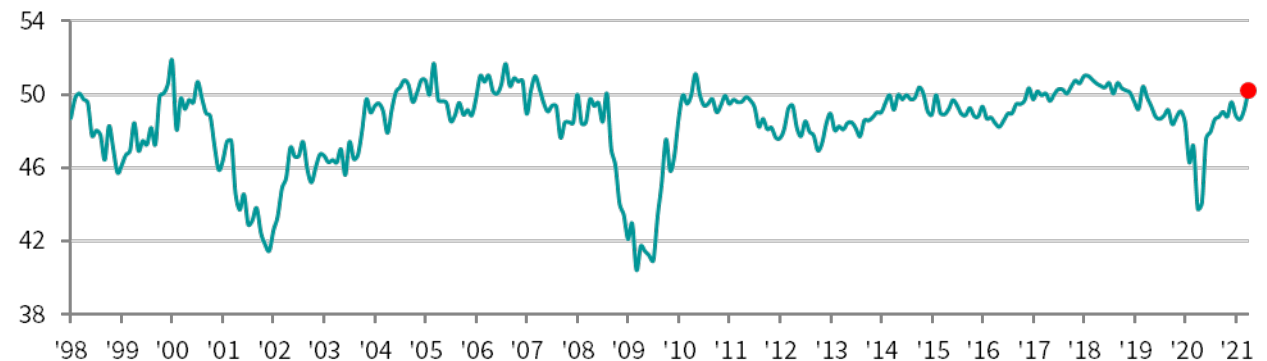
- “Please **compare** your **stocks** of finished goods (in units) **this month with** the situation **one month ago**”

Higher / Same / Lower

Global PMI Suppliers Delivery Times Index: **Record low in 2021 YTD**



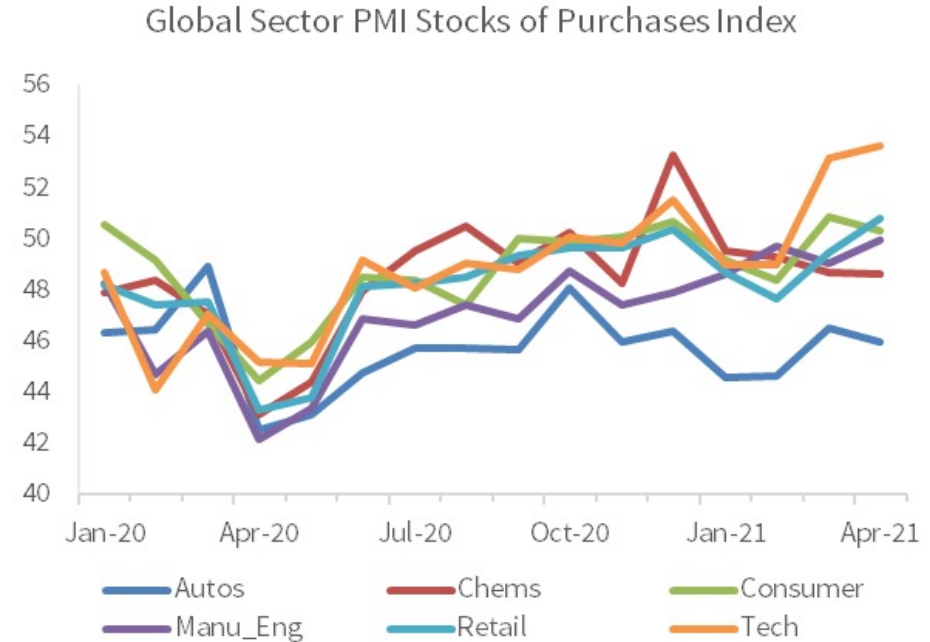
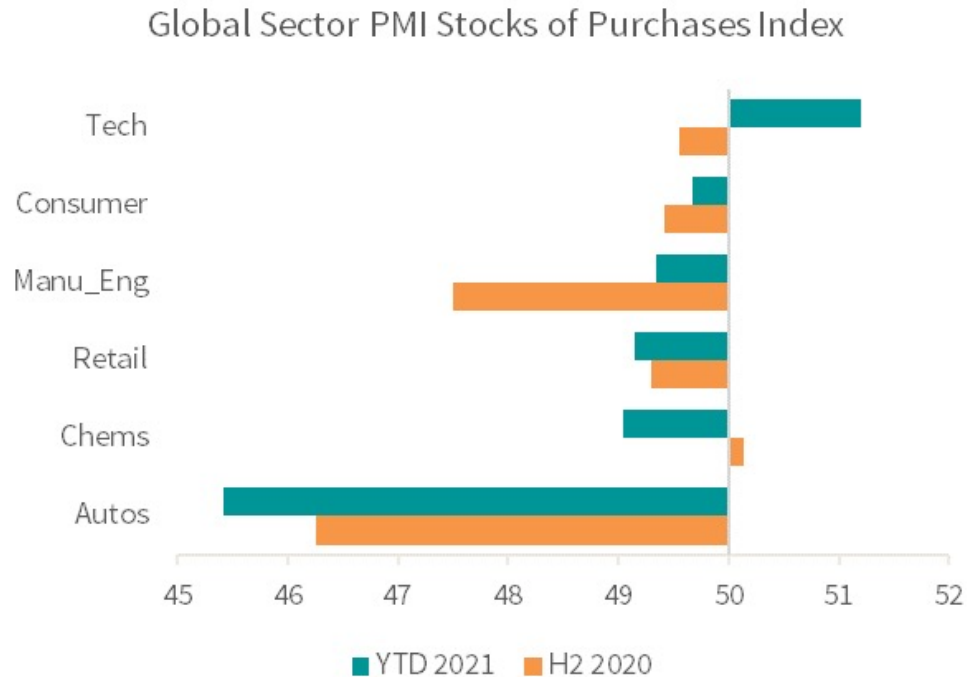
Global PMI Stocks of Purchases Index: Parts inventories still rebuilding



Note: IHS Markit PMIs are diffusion indexes with 50 the break point between higher / lower answers from the surveyed purchasing managers

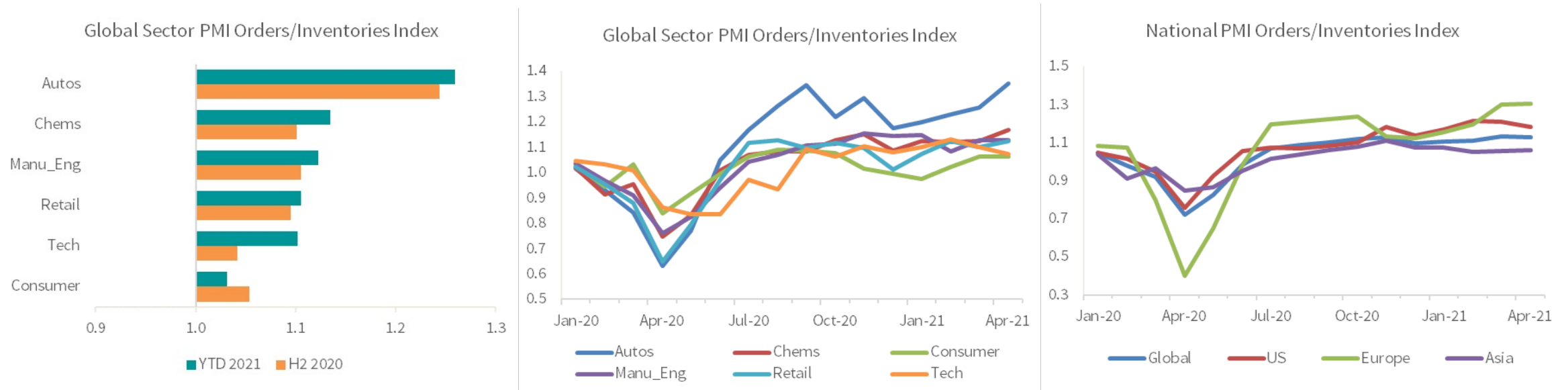
PMI inventory stock holding indexes indicate 2021 drops in most sectors

- ❑ Inventory draw downs except in Tech in 2021; Autos sector inventory deteriorated the most in 2021
- ❑ Automotive sector stocks of purchases dropping due to shortages of chip components YTD 2021

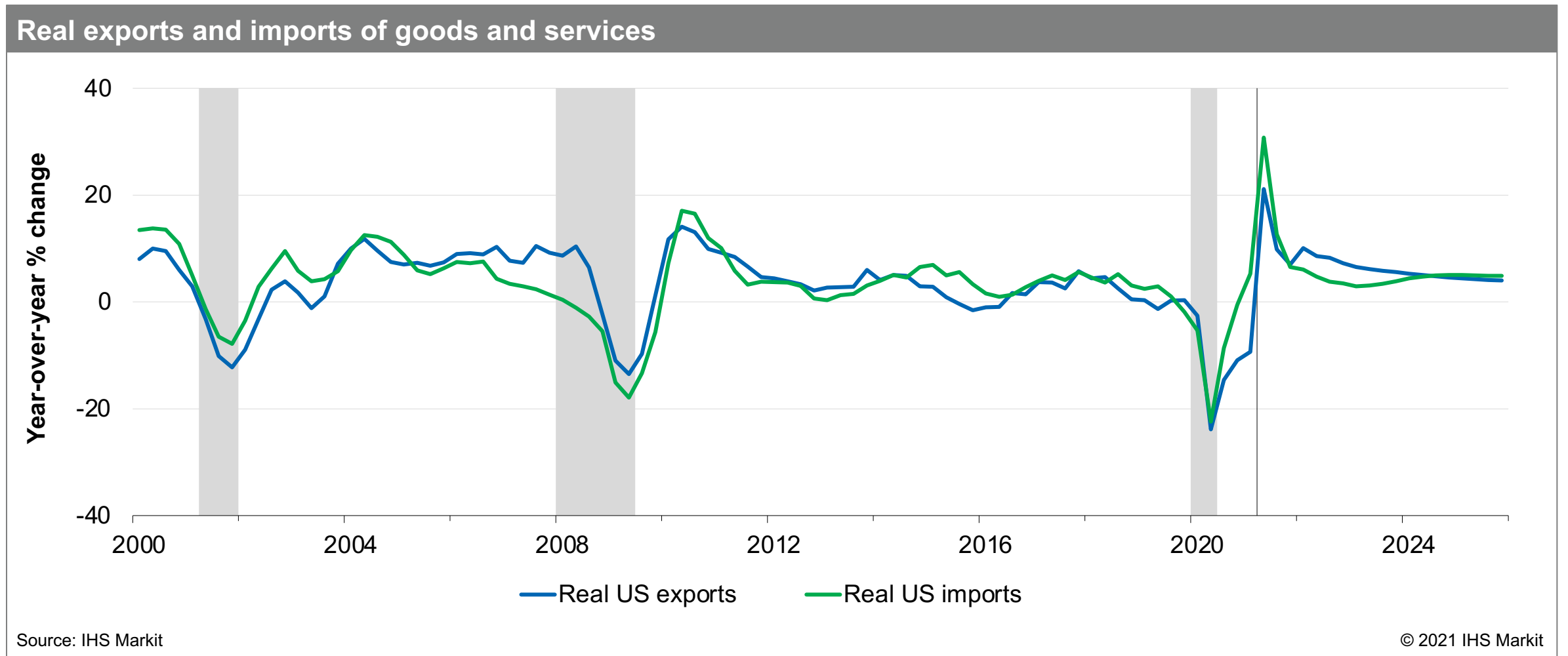


Shift in inventory strategies away from lean “Just in Time” approaches

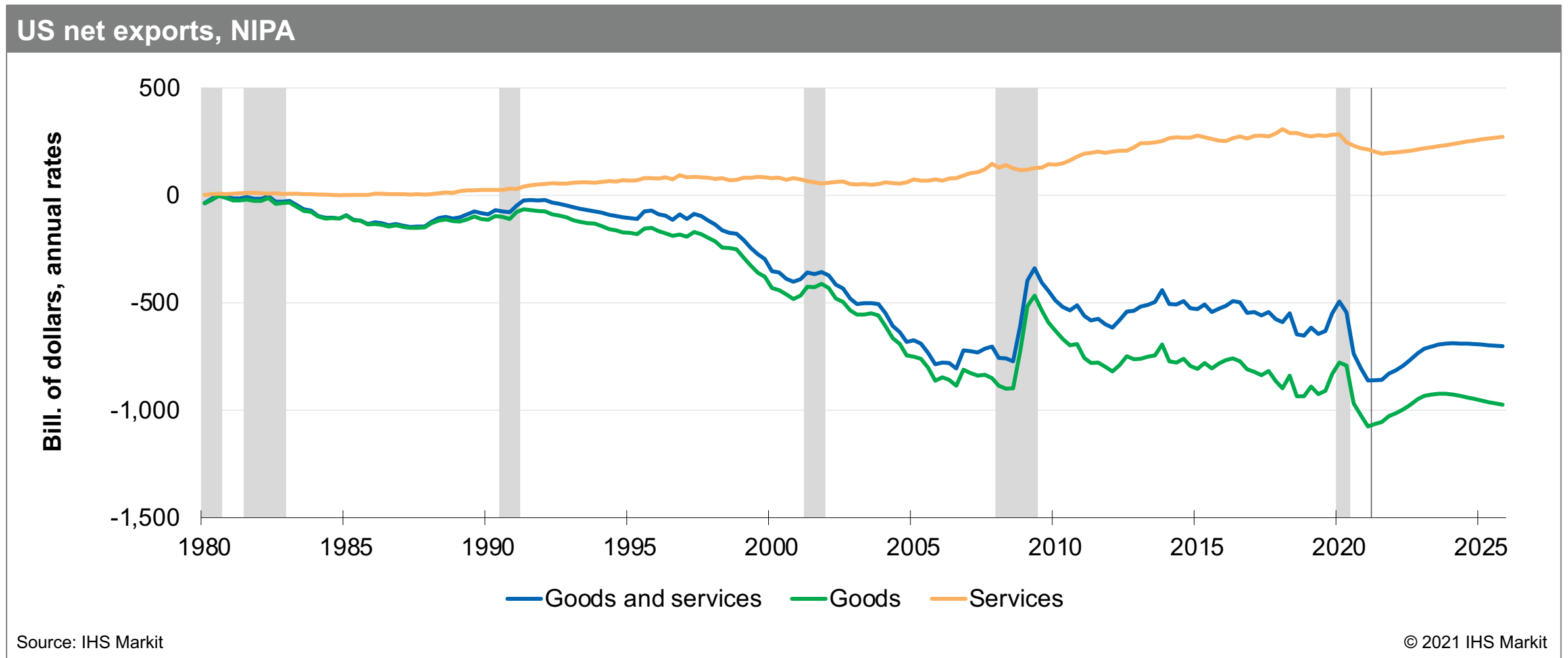
- ❑ Forward-looking PMI orders-to-inventories ratios increasing for all sectors except consumer goods
- ❑ Autos sector orders outrunning pre-production inventories the most
- ❑ Evidence of shifts from JIT towards Just-In-Case inventory strategies



US import surge to meet demand ahead of lagging US exports recovery

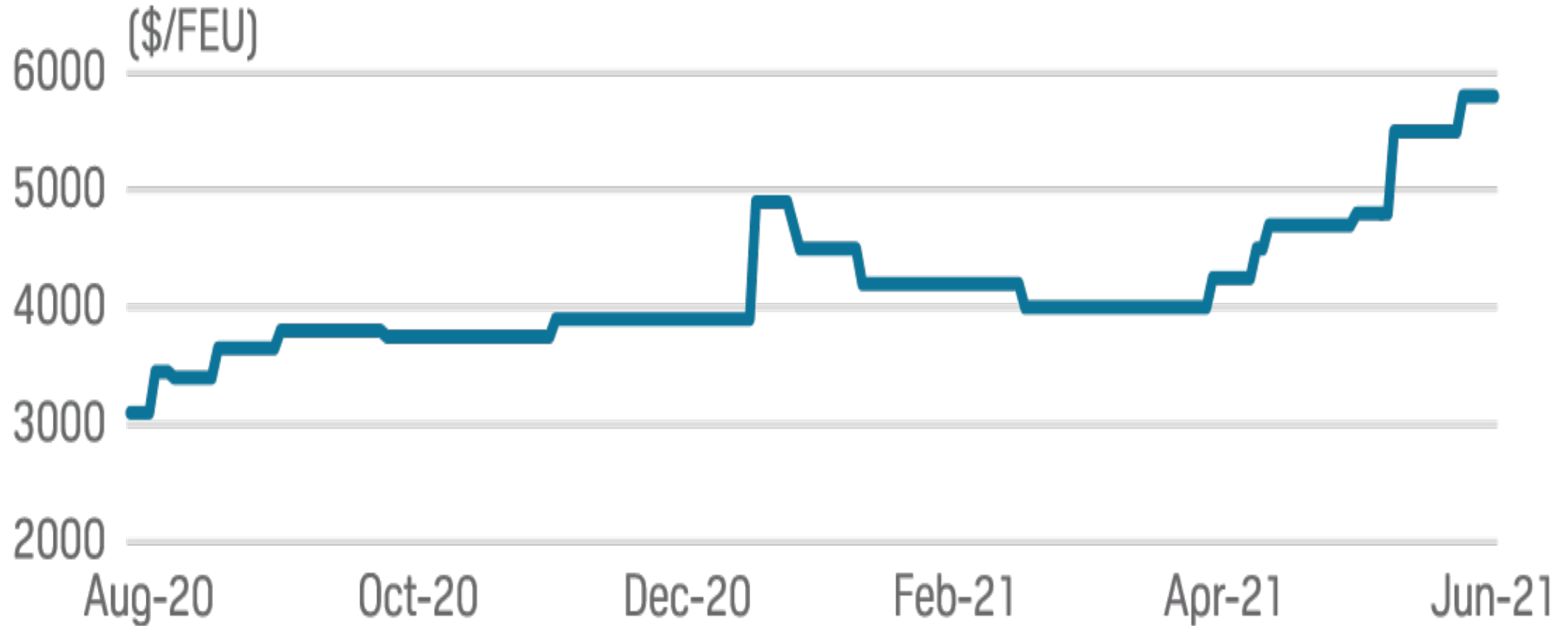


US expanded trade deficit is from goods, as US net services trade is positive



Ocean Container Shipping Rates at Record Highs, Asia to US West Coast

Rates levels at new peak currently and don't including other fees



Source: S&P Global Platts

US container port performance slowly improving

Southern California ports, the biggest, have also been the largest problem

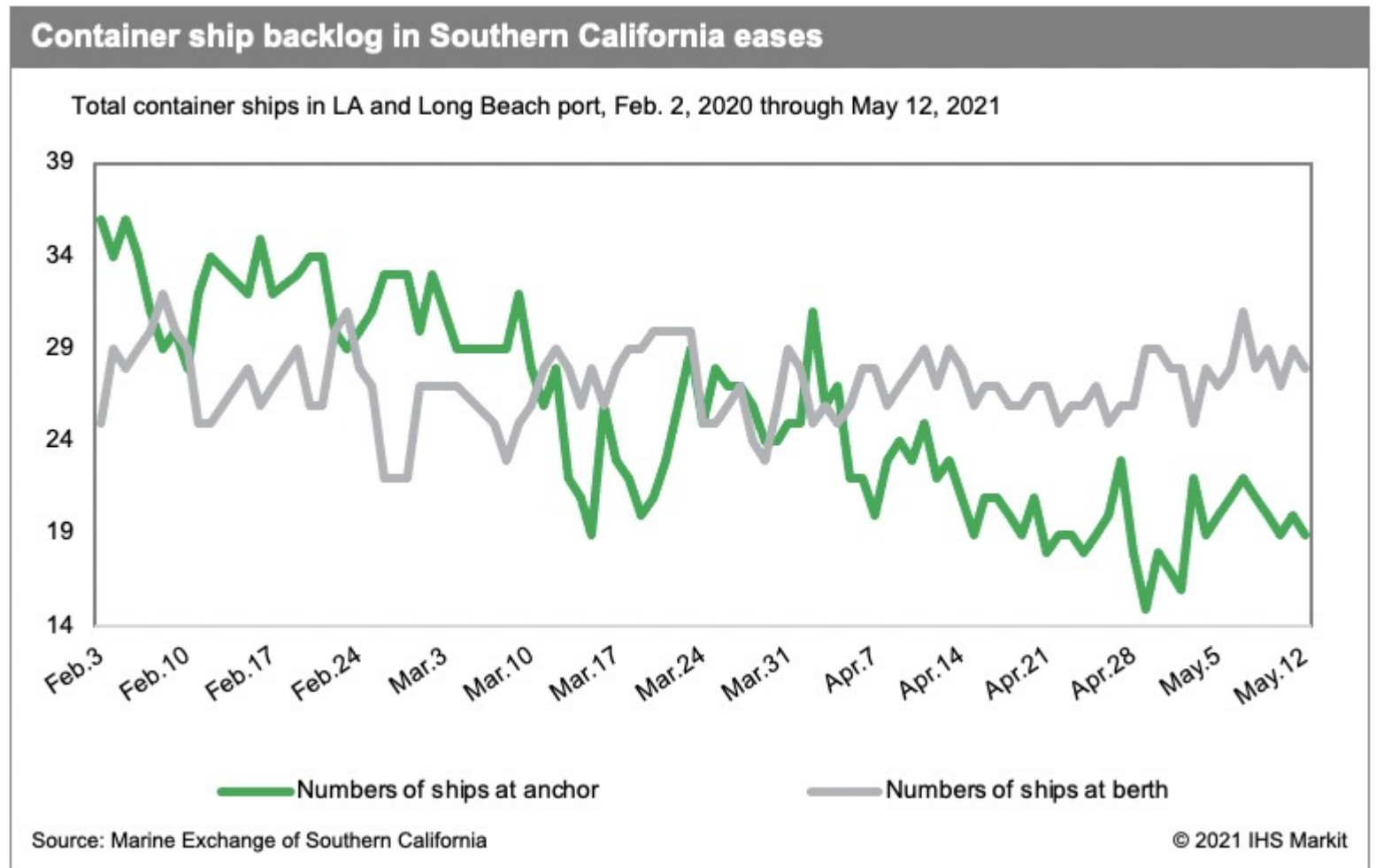
Backlog of daily vessels awaiting berths is down since February

Port terminal productivity still suffering from congestion

Longshore workforce now mostly all vaccinated and on the job

Railcar supply and port trucking conditions improving

Long way to go with traditional peak season volumes still ahead



IHS Markit Customer Care

CustomerCare@ihsmarkit.com

Americas: +1 800 IHS CARE (+1 800 447 2273)

Europe, Middle East, and Africa: +44 (0) 1344 328 300

Asia and the Pacific Rim: +604 291 3600

Disclaimer

The information contained in this presentation is confidential. Any unauthorized use, disclosure, reproduction, or dissemination, in full or in part, in any media or by any means, without the prior written permission of IHS Markit or any of its affiliates ("IHS Markit") is strictly prohibited. IHS Markit owns all IHS Markit logos and trade names contained in this presentation that are subject to license. Opinions, statements, estimates, and projections in this presentation (including other media) are solely those of the individual author(s) at the time of writing and do not necessarily reflect the opinions of IHS Markit. Neither IHS Markit nor the author(s) has any obligation to update this presentation in the event that any content, opinion, statement, estimate, or projection (collectively, "information") changes or subsequently becomes inaccurate. IHS Markit makes no warranty, expressed or implied, as to the accuracy, completeness, or timeliness of any information in this presentation, and shall not in any way be liable to any recipient for any inaccuracies or omissions. Without limiting the foregoing, IHS Markit shall have no liability whatsoever to any recipient, whether in contract, in tort (including negligence), under warranty, under statute or otherwise, in respect of any loss or damage suffered by any recipient as a result of or in connection with any information provided, or any course of action determined by it or any third party, whether or not based on any information provided. The inclusion of a link to an external website by IHS Markit should not be understood to be an endorsement of that website or the site's owners (or their products/services). IHS Markit is not responsible for either the content or output of external websites. Copyright © 2020, IHS Markit®. All rights reserved and all intellectual property rights are retained by IHS Markit.

