

UPDATED SAN PEDRO BAY CARGO FORECAST (2009)

In 2007 The Tioga Group Inc. prepared a demand-based cargo forecast for the San Pedro Bay ports through the year 2030. The forecast was based on 2006 actual trade and economic data available at the time. There were two major elements to this forecast: an econometric cargo forecast, and a competitive assessment.

Econometric Cargo Forecast. The first element is an econometric forecast of expected cargo growth for the U.S., the West Coast, and San Pedro Bay. The forecast was produced using linked economic forecasting models, including individual country macroeconomic forecasting models, world industry and industry-specific forecasting models, and 77 individual commodity trade models. The cargo forecast includes high and low growth scenarios as well as a base case.

Competitive Assessment. The competitive assessment addresses future shifts in market shares and the resulting cargo diversions due to changes in competitive positions and carrier/customer practices. The competitive assessment relies heavily on the informed judgment of the project team regarding likely developments at competing ports and the Panama and Suez Canals, emerging trends in bulk and container shipping, and the likely responses of carriers, shippers, and consignees.

In 2009 The Tioga Group updated the forecast for the Ports of Los Angeles and Long Beach. Actual performance was much worse than forecast as U.S. and world-wide economic downturns eroded containerized trade. Volumes were flat in 2007 and down in 2008; container counts dropped another 22% in the first quarter of 2009 compared to 2008. The U.S. experienced its worst recession since World War II. Findings were based on the most current thinking in the container industry.

Recovery was expected to begin in 2010 and be slow, without the sharp rebound that has characterized some previous recessions. Most previous recessions have had specific root causes (e.g. the dot com bust, or the 9/11 terrorist attacks), and ended when those issues were resolved. In those cases pent-up demand resulted in rapid short-term growth, and a quick return to trend. Conversely, this recession has multiple causes which will be resolved slowly over time.

