



West Coast Container Traffic Trends

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This is the fourth of our bulletins on container port traffic on the West Coast of North America. This issue deals with full calendar 2009. We comment briefly on other indicators of container traffic growth and on crude steel production. Sources for the West Coast data are the port authorities. Crude steel production data is from the Worldsteel Association. We used several trade publications for comments on other trends.

Year-to-Date West Coast Container Volumes

The data behind the West Coast table and charts covers over 99% of total U.S. and Canada West Coast container port traffic.

Overall West Coast trends:

- Decline of 15.0% from 2008 to 2009 or about 3.5 million TEU
- Decline from peak in 2006 to 2009 was about 5 million TEU or about 20%
- Declines for individual ports from 2008 to 2009 ranged between 8% and 30%

Of the U.S. ports:

- The overall decline at 15.7% was slightly greater than that of the West Coast as a whole
- Container volume in the Southern California ports fell by about 2.5 million TEU or 18%

Again, only the Port of Prince Rupert experienced growth:

- Year-over-year growth was about 45%
- Much of the growth was due to the addition of a second shipping service in mid 2008
- After declines in late 2008 and early 2009, container volumes rose considerably to reach just under 30,000 TEU a month by August and remained at that level to the end of 2009
- Prince Rupert now handles about 1.5% of the total West Coast volume

The following table summarizes the container volumes of the main West Coast ports in 2009 and compares them with those of 2008. The U.S. port traffic includes domestic container movements such as the Alaskan and Hawaiian trades while the Canadian traffic is virtually all international.

West Coast Container Volumes 2008 and 2009

Port and Region	Container Traffic			Market Share	
	Traffic 2008 (TEU)	Traffic 2009 (TEU)	Percent Change (%)	2008 (%)	2009 (%)
Canadian Ports					
Port Metro Vancouver	2,492,107	2,152,462	-13.6	10.8	11.0
Port of Prince Rupert	181,877	265,259	45.8	0.8	1.4
Total Canada	2,673,984	2,417,721	-9.6	11.6	12.3
Pacific Northwest					
Seattle	1,704,492	1,584,596	-7.0	7.4	8.1
Tacoma	1,861,352	1,545,855	-16.9	8.1	7.9
Portland	245,459	174,203	-29.0	1.1	0.9
Total Pacific Northwest	3,811,303	3,304,654	-13.3	16.5	16.9
Oakland					
Oakland	2,233,533	2,051,172	-8.2	9.7	10.5
Southern California					
Los Angeles	7,849,985	6,748,995	-14.0	34.0	34.5
Long Beach	6,487,816	5,067,597	-21.9	28.1	25.9
Total Southern California	14,337,801	11,816,592	-17.6	62.2	60.3
Total USA	20,382,637	17,172,418	-15.7	88.4	87.7
Total West Coast	23,056,621	19,590,139	-15.0	100.0	100.0

For the coast as a whole, container port traffic declined from about 23 million TEU in 2008 to 19.6 million TEU in 2009, or by 15.0%.

West Coast container traffic peaked at 25 million TEU in 2006. The 2009 volume represents a decline of about 5 million TEU and 20% from this peak. The decline is explained in part by a relative shift from the West Coast to Gulf and East Coast ports: in 2006, the West Coast ports handled about 56% of the total continental U.S. and Canada traffic; by 2008, the West Coast ports handled about 53%. But the most painful part of the decline was the fall in overall U.S. and Canada container volumes in 2008 and 2009.

In the following two pages, we take a closer look at West Coast trends in 2007 to 2009.

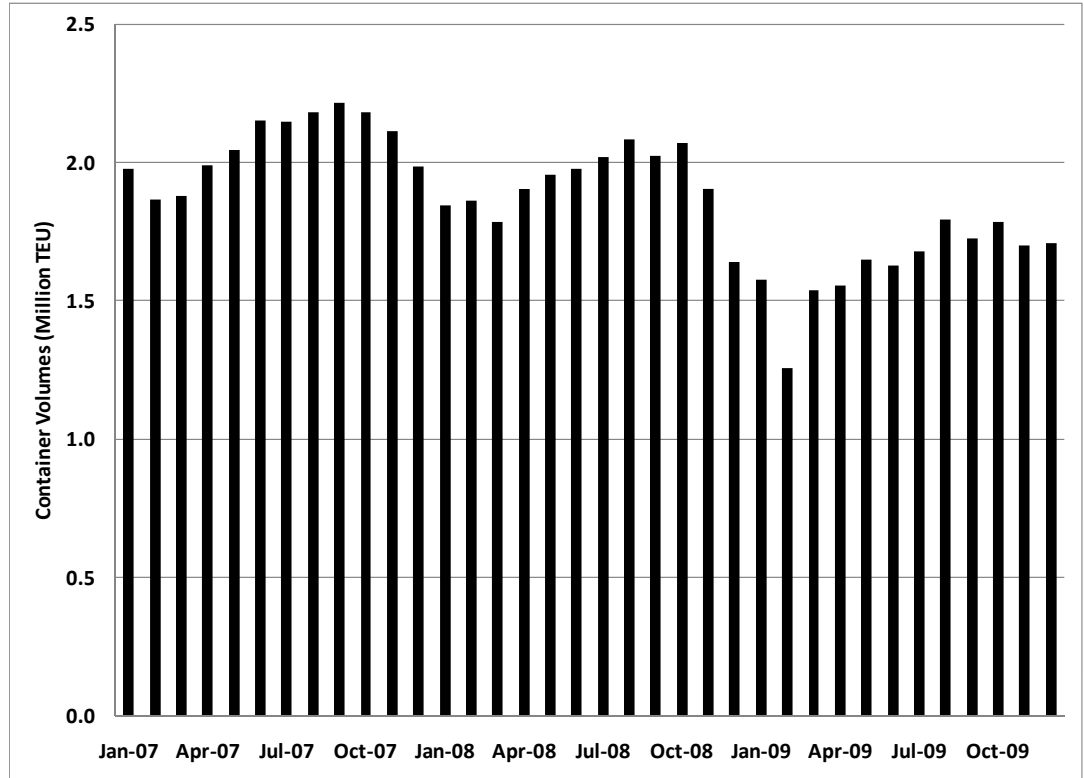


Monthly West Coast Container Traffic

We examine below the monthly container volumes from January 2007 to December 2009. These show the evolution of the traffic in detail. The seasonality of West Coast traffic is evident in the data in spite of the major volume drops of 2008 and 2009.

The upper chart presents the monthly container volumes and the lower the year-to-year changes, such as December 2009 versus December 2008.

Container Volumes by Month 2007 - 2009 (Million TEU)



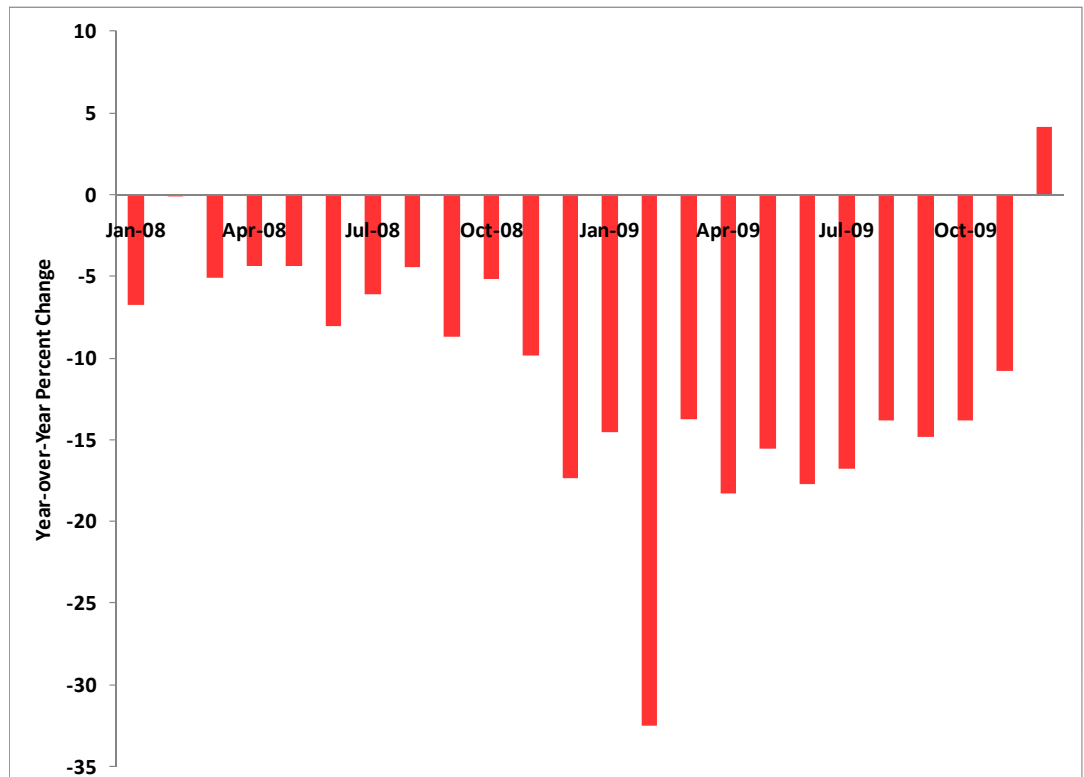
Monthly volumes:

- February 2009 was the trough month at 1.3 million TEU
- The monthly trend was generally upward since then although seasonality influenced the pattern

Year-over-year percent changes:

- The changes were increasingly negative through mid 2008 to February 2009
- Subsequent to February 2009, the rate of decline generally decreased
- December 2009 showed the only year-over-year increase in the two-year period
- A December upturn was also visible in other parts of the world such as container traffic in Hong Kong and in Chinese exports (see page 4 below)

Year-over-Year Percent Change by Month: 2008 – 2009

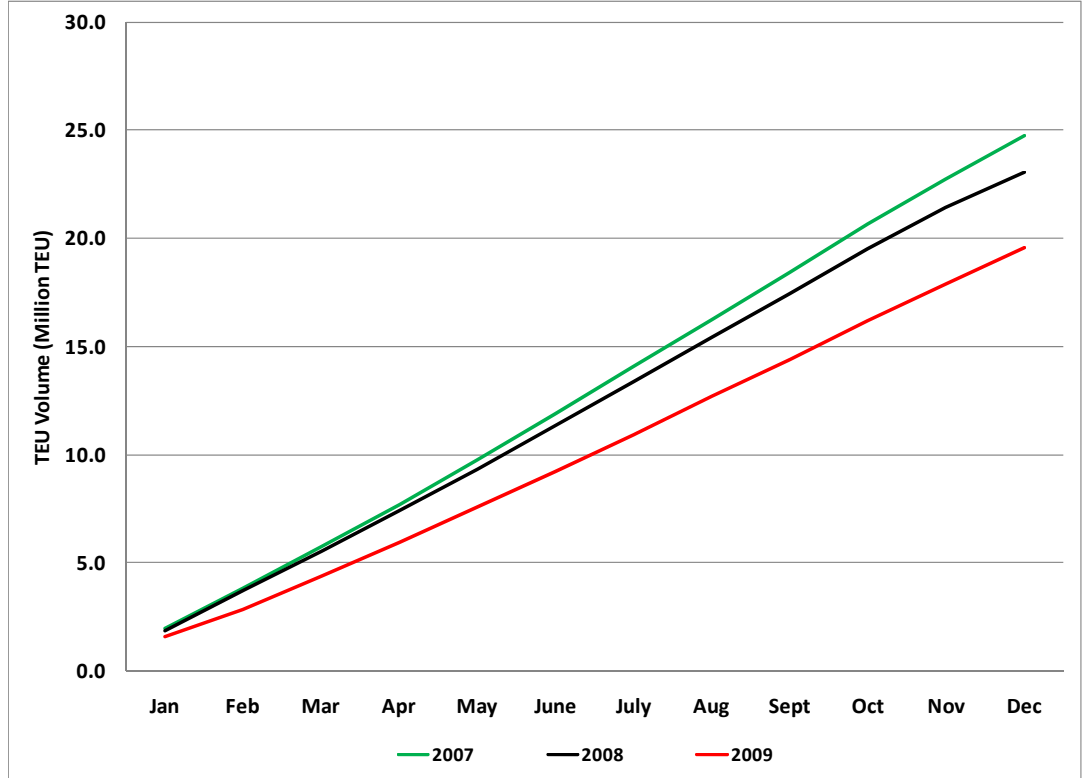




Cumulative Monthly West Coast Container Traffic

This page addresses cumulative container volumes by month. The upper chart shows the buildup by month of annual container volumes for 2007, 2008 and 2009. The lower chart shows the percent annual change in cumulative container volumes by month for 2008 versus 2007 (in red) and 2009 versus 2008 (in yellow). The year ended with an overall decline of 15.0%.

Cumulative Container Volumes 2007 - 2009 (TEU)



Cumulative West Coast container volumes:

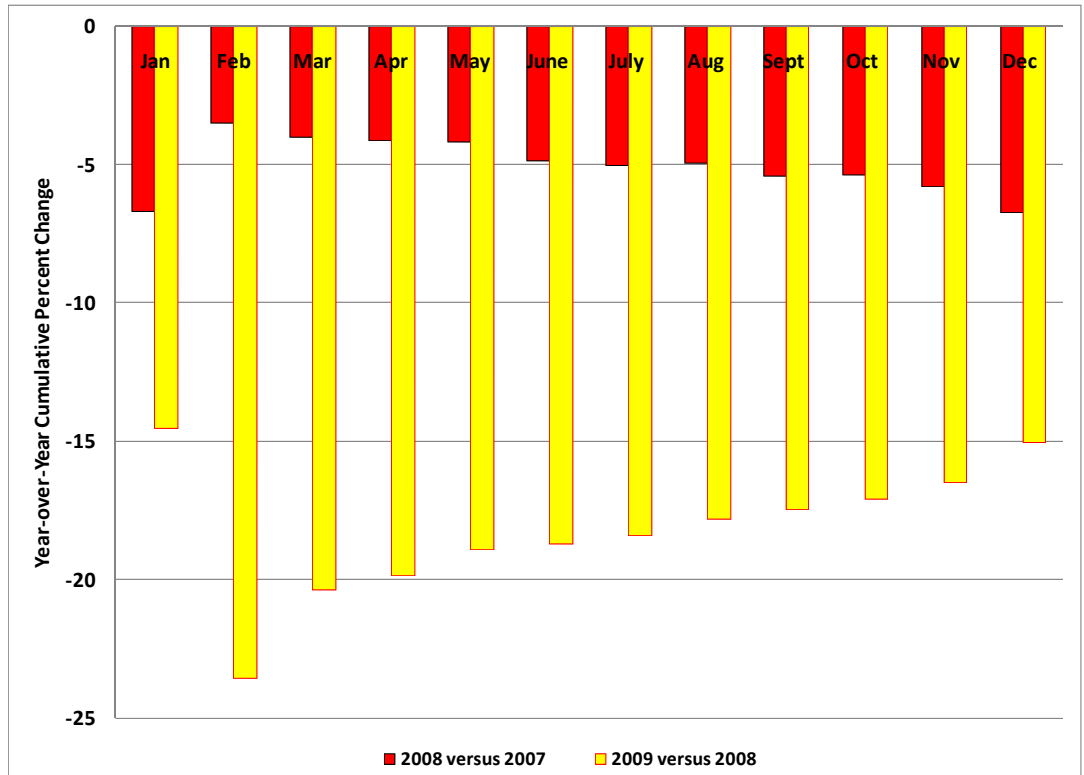
- 2009 volumes were consistently well below those of 2008, which were slightly below those of 2007
- Beyond February, the 2009 traffic line is essentially straight; the upturn in monthly volume in December 2009 had little influence on the pattern in 2009

Year-over-year changes in cumulative West Coast traffic:

- The large traffic decline in February 2009 influenced the pattern for the rest of year
- From February 2009, the cumulative rate of decrease declined in all months
- The overall decline, as shown on the first page of this bulletin, was 15.0% for 2009

We have only limited data on traffic at ports on the other coasts of North America. We would judge that overall port traffic for the continental U.S. and Canada (all coasts) for 2009 declined at a similar rate as the West Coast ports: about 15%.

Year-over-Year Cumulative Percent Change by Month: 2008 – 2009





Laden West Coast Container Traffic / Container Trends Elsewhere

We include in this quarter's bulletin a summary of the movement of inbound and outbound laden containers for all ports except Portland because this port does not provide sufficient detail. The data in the table is representative of the coast because Portland handles less than 1% of the total traffic.

While Prince Rupert was the only port to exhibit growth in inbound laden containers, several ports showed growth in laden export containers.

West Coast Laden Container Traffic Inbound and Outbound 2008 and 2009

Region and Port	Inbound					Outbound				
	Laden Containers		Percent Change	Percent Empty		Laden Containers		Percent Change	Percent Empty	
	2008	2009		2008	2009	2008	2009		2008	2009
	(TEU)	(TEU)	(%)	(%)	(%)			(%)	(%)	(%)
Canadian Ports										
Port Metro Vancouver	1,238,350	1,007,304	-18.7	4.3	10.3	915,465	925,411	1.1	23.6	10.1
Port of Prince Rupert ¹	101,082	155,893	54.2	0.0	0.1	25,280	38,777	53.4	68.7	64.5
Total Canada	1,339,432	1,163,197	-13.2	4.0	9.0	940,745	964,188	2.5	26.4	15.3
Pacific Northwest^{1, 2}										
Seattle (International)	664,472	612,236	-7.9	11.4	15.8	434,546	459,557	5.8	30.7	17.5
Tacoma (International)	648,947	472,533	-27.2	NA	NA	483,665	420,791	-13.0	NA	NA
Total Pacific Northwest	1,313,419	1,084,769	-17.4	NA	NA	918,211	880,348	-4.1	NA	NA
Oakland										
	796,404	702,841	-11.7	19.5	23.1	910,700	969,845	6.5	26.8	14.7
Southern California										
Los Angeles	4,138,590	3,524,386	-14.8	1.7	1.1	1,782,502	1,668,911	-6.4	51.0	47.6
Long Beach	3,189,363	2,534,897	-20.5	NA	NA	1,687,051	1,352,053	-19.9	NA	NA
Total Southern California	7,327,953	6,059,283	-17.3	NA	NA	3,469,553	3,020,964	-12.9	NA	NA
Total USA	9,437,776	7,846,893	-16.9	NA	NA	5,298,464	4,871,157	-8.1	NA	NA
Total West Coast	10,777,208	9,010,090	-16.4	NA	NA	6,239,209	5,835,345	-6.5	NA	NA

Notes: ¹Excludes Portland, which does not break out full and empty containers in its statistics. ²International containers only. NA = Not available because the ports do not split empty containers into inbound and outbound.

Laden West Coast container volumes:

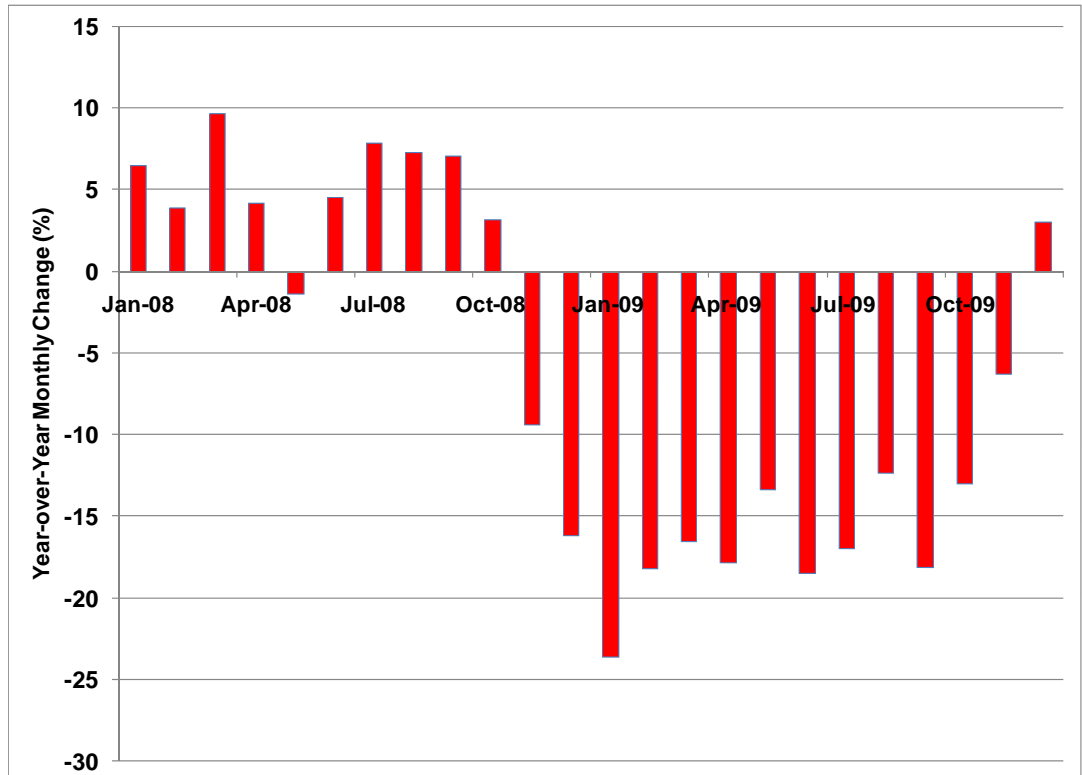
- Inbound laden container volumes generally determine overall port activity on the West Coast
- Only Oakland has a greater volume of outbound laden containers than inbound laden containers
- Other ports with significant export volumes include Vancouver, Seattle and Tacoma
- Laden inbound containers increased only in the Port of Prince Rupert
- Laden outbound container volumes increased in the Ports of Prince Rupert, Vancouver, Seattle and Oakland

Other trends:

- Hong Kong also showed an uptick in December 2009 TEU volumes (see chart)
- Overall Hong Kong traffic in 2009 declined by about 15% from that in 2008
- PSA's Singapore traffic declined by about 13% in 2009 and its overall container volume (including terminals in other countries) declined by about 10%
- DP World's container traffic volume fell by about 8%
- Container traffic in Le Havre fell by about 15%
- European imports from Asia started to rise in November 2009
- U.S. intermodal rail traffic (domestic and international) fell by about 14% in 2009

We included one chart to show trends elsewhere: Hong Kong container traffic growth.

Hong Kong Year-over-Year Percent Change by Month: 2008 – 2009





Crude Steel

Annualized production means 12 times monthly production.

Annualized world steel production 2008–2009:

- 1.0 billion tonnes at the trough in late 2008
- 1.3 billion tonnes in December 2009
- Peak of 1.36 billion tonnes in October 2009

Annualized China steel production:

- 0.4 billion tonnes at the trough in late 2008
- 0.57 billion tonnes in December 2009
- Peak of 0.63 billion tonnes in August 2009

Container Outlook

There are positive signs:

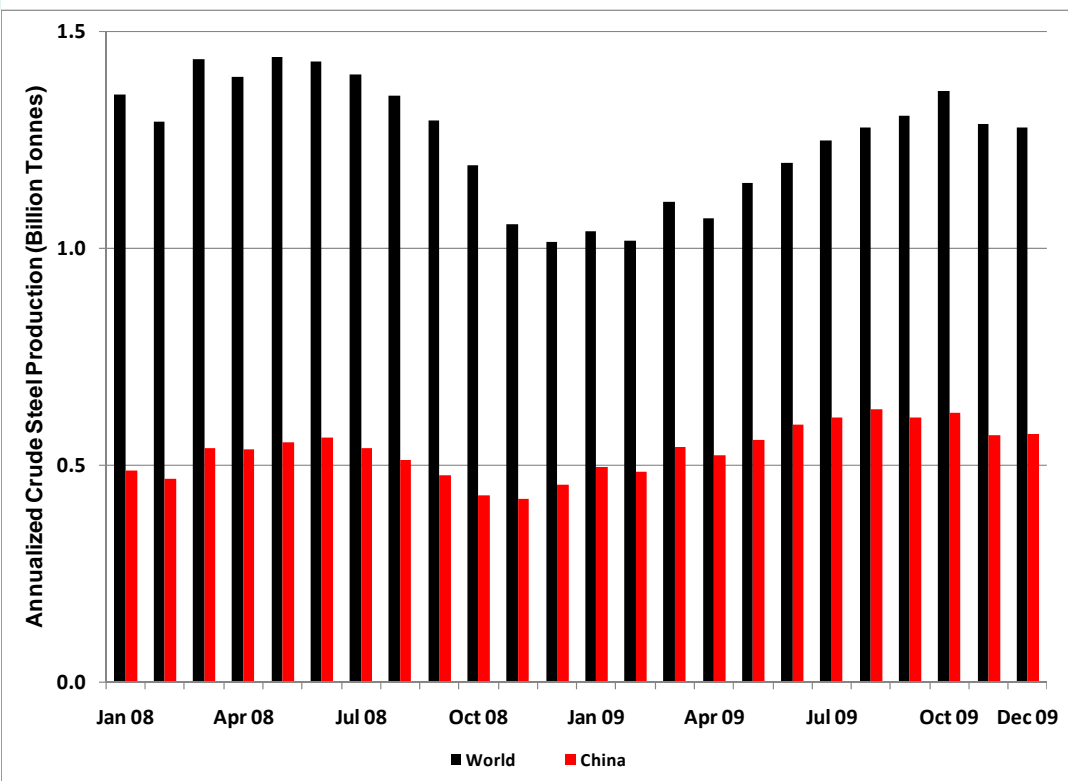
- The turn to container traffic growth in several ports in December 2009
- Increases in spot container freight rates in recent months indicate strengthening demand
- The U.S. Port Tracker, published by the National Retail Federation, is projecting year-over-year increases in imports in 2010
- Increases in Chinese exports in December 2009 and January 2010 (so the Chinese government says)

Crude Steel

We have again included an indicator for the dry bulk shipping market: crude steel production for the world and China (see chart below). We consider crude steel production a reasonable indicator for the demand for the Capesize ships used to transport iron ore and metallurgical coal.

Chinese crude steel production has increased from a trough of about 400 million tonnes at an annual rate in October and November of 2008 to peak at just over 600 million tonnes in August 2009. Since then, it has remained relatively constant but slightly below 600 million tonnes. Production in the rest of the world increased slowly to peak at 700 million tonnes in October.

Annualized Crude Steel Production 2008–2009 (Billion Tonnes)



Container Outlook

What of the future? In the short term, we expect that the container traffic growth that appeared at the end of 2009 will continue into 2010. While there may be some growth spurts due to restocking, we expect modest overall growth rates due to constraints on consumption in the West.

In the longer term, we expect globalization to continue and with it increasing volumes of container traffic. We expect, however, that the growth rates of the major container trades (transpacific and Asia–Europe) will be below those of the last couple of decades. North American container traffic growth is more likely to be in the 4% to 5% a year range than its typical 6% to 7% of the recent past. And we expect that world container traffic growth will be perhaps 7% to 8% a year rather than in excess of 10%.

Of course, forecasts are just forecasts....

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