

May 27, 2010



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Economy Watch

Cargo Traffic Indicates Trade Rebound

April cargo traffic data is now available for the Port of Los Angeles, as well as the Port of Long Beach. This historical data set on shipping is valuable as it is a barometer of international trade as well as the U.S. economy. For those who may be unaware, the Port of Los Angeles is the largest

port in the U.S. by cargo volume and Long Beach ranks second. These ports handle much larger volumes than other ports in the country. When combined, they actually represent the sixth largest port system in the world.

It is worthwhile analyzing the April year-over-year performance, but given how severely cargo volumes declined last year, this measurement is somewhat limited in its meaning. Thus a broader view is also helpful.

The headlines note that cargo volumes surged in April, and this is true on a year-over-year (YOY) basis. The amount of cargo containers delivered into Los Angeles last month increased 8.3% YOY, a very healthy rise. Export volume out of Los Angeles increased 12.4%, indicating that appetite for our goods overseas is on an improving trajectory. Long Beach results were even stronger—a rise in imports of 21.2% YOY and a step-up in exports of 15.2%. This data is encouraging, and marks the fifth consecutive month that cargo volumes have increased versus year-ago levels. Additionally, it is worth mentioning an increase in the number of *empty* containers being shipped back overseas, primarily to China. Empty containers being exported out of Los Angeles rose 20.2% last month, as China is in need of additional containers, which would seem to bode well for future cargo growth. Long Beach exports of empty containers rose 15.8% as well.

Port of Los Angeles

Latest Month Container Trade

April	2010	2009	Change	% Change
Loaded Inbound	302,224.60	279,194.15	23,030.45	8.25%
Loaded Outbound	158,338.00	140,829.00	17,509.00	12.43%
Total Loaded	460,562.60	420,023.15	40,539.45	9.65%
Total Empty	134,791.10	112,101.00	22,620.10	20.18%
Total	595,283.70	532,124.15	63,159.55	11.87%
Fiscal Year 2010¹ (to date)	5,806,922.60	6,135,031.75	-328,109.15	-5.35%
Calendar Year 2010 (to date)	2,243,961.25	2,059,525.70	187,435.55	8.96%

Source: Port of Los Angeles

¹ Fiscal Year = July 1 through June 30.

Port of Long Beach

Latest Month Container Trade

	April			Fiscal Year to Date ¹		
	2010 ¹	2009	% Change	2010 ¹	2009	% Change
Loaded Inbound	241,245	199,051	21.2%	1,561,739	1,500,715	4.1%
Loaded Outbound	130,155	112,976	15.2%	853,602	748,321	14.1%
Empties	113,659	96,678	17.6%	702,237	833,791	-15.8%
Total	485,059	408,705	18.7%	3,117,578	3,082,767	-1.1%

Source: Port of Long Beach

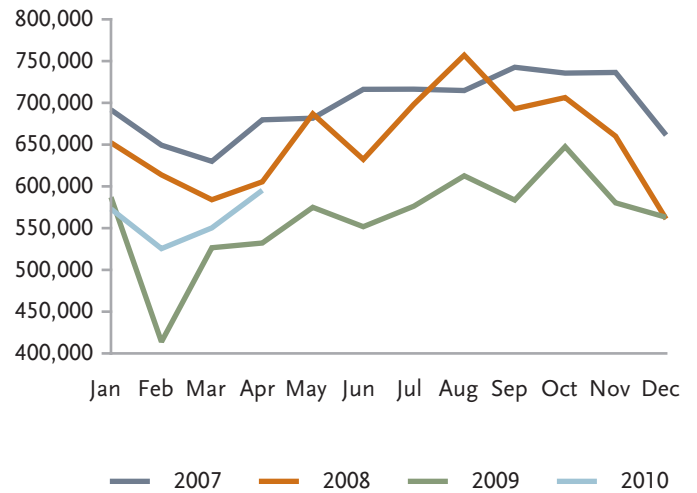
¹ Fiscal Year = October 1 through September 30.

Economy Watch

Cargo Traffic Indicates Trade Rebound (cont'd)

However, it is important to keep in mind that cargo volumes are still well below historical levels, given how severe the freight downturn was. For some broader context, cargo volumes are 9% higher on a year-to-date basis through April. Thus, we have recovered 9% from the depths of last year. However, cargo volumes dropped approximately 23% during the recent recession ('09 levels measured versus '07), so it is not unreasonable to characterize port activity as having retraced approximately 40% of its downturn (if we use the nation's largest port as a barometer). Obviously, we still have a long way to go before we fully return to healthy levels, but we clearly seem to be on the right track. One factor to keep in mind is the continued strengthening of the dollar, which could inhibit export growth going forward.

Container Volumes, Port of Los Angeles



Source: Port of Los Angeles

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