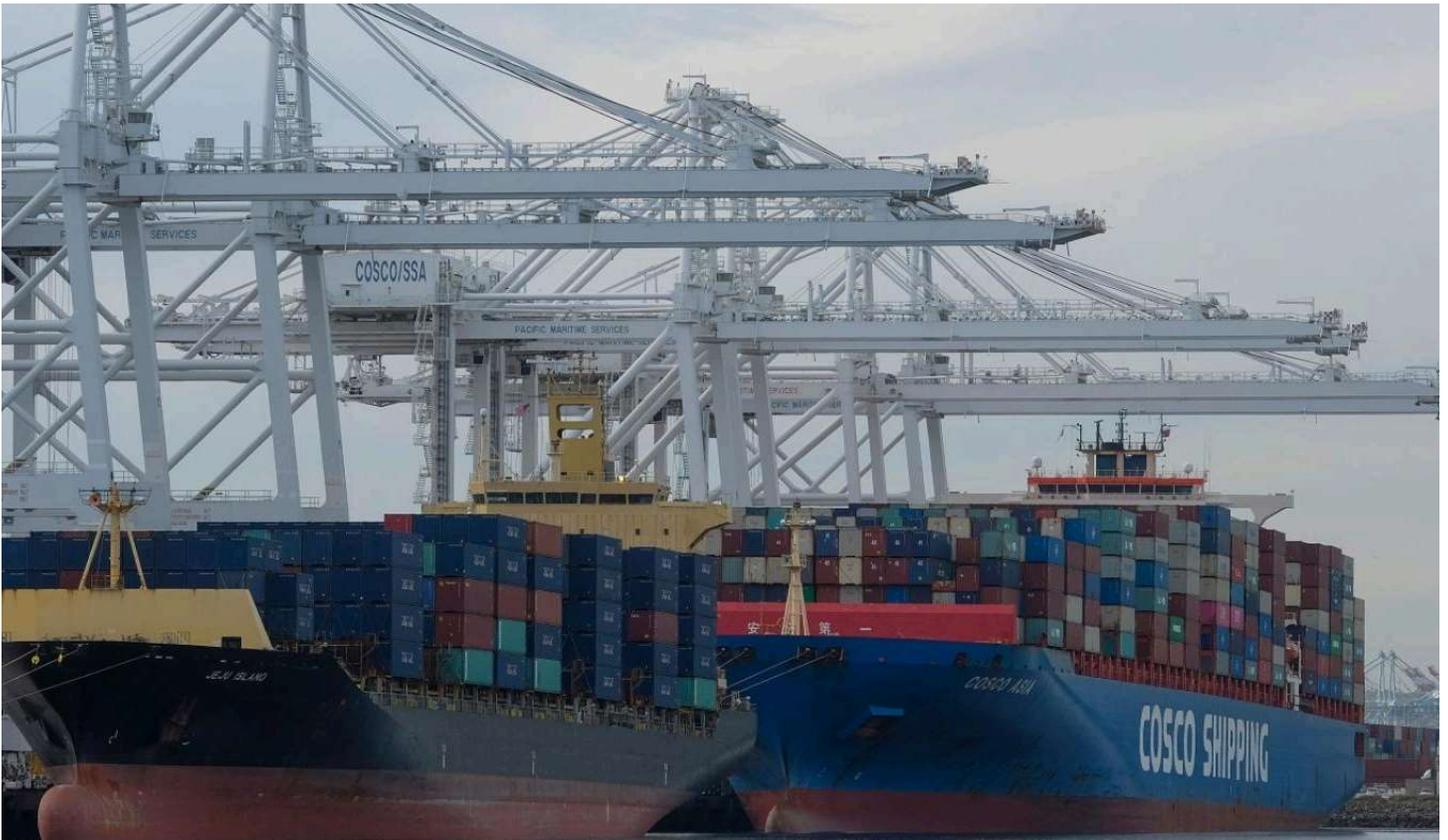


Q2 Asian import growth shines light on frontloading by US retailers



US retailers are forecasting that US imports will remain robust at least through October. Photo credit: Ringo Chiu / Shutterstock.com.

Bill Mongelluzzo, Senior Editor | Jul 19, 2024, 10:56 AM EDT

US imports from Asia in the second quarter were up 7.8% from a year ago, accelerating through the period as retailers frontloaded cargoes amid threats of possible labor disruptions on the East and Gulf coasts this fall and longer transit times from Asia as ocean carriers continued to divert around southern Africa.

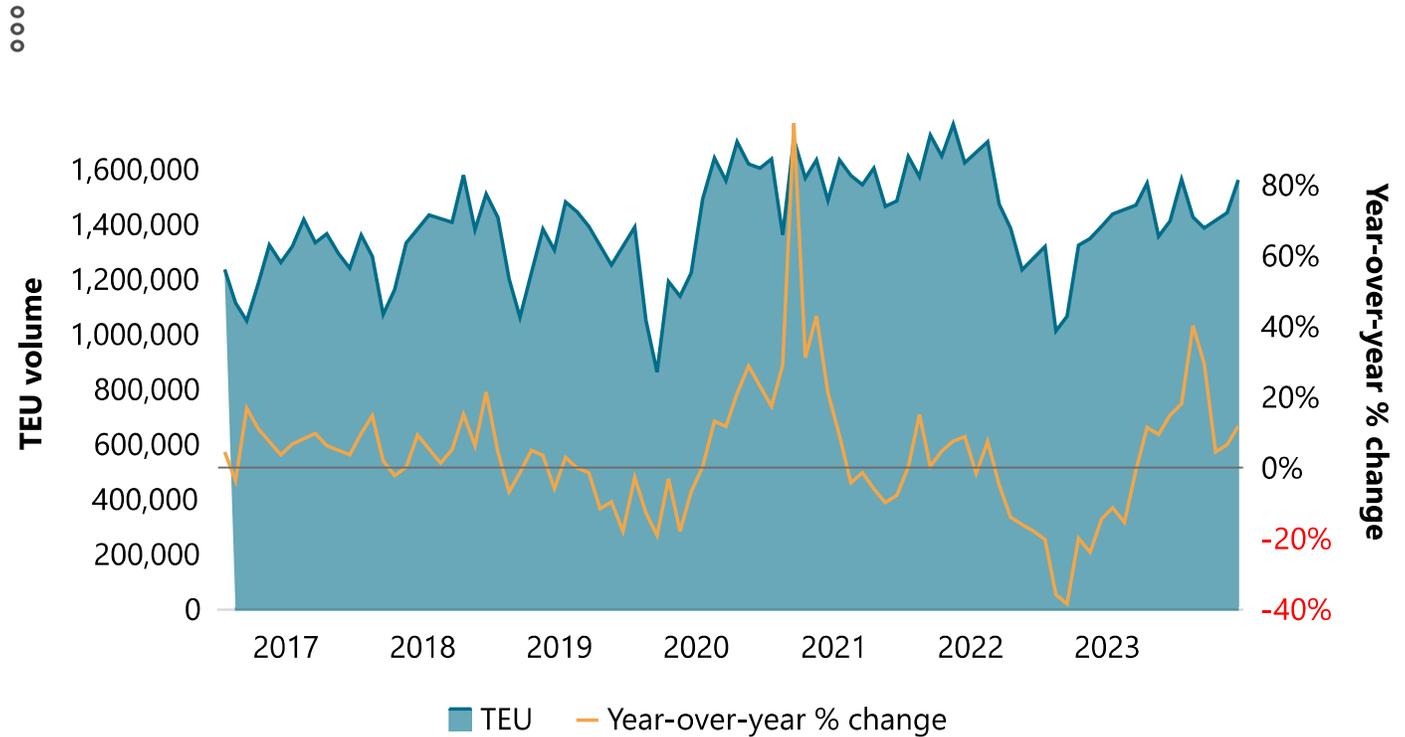
Asian imports rose 4.8% in April, 6.9% in May and 12.1% in June year on year, according to PIERS, a sister company of the *Journal of Commerce* within S&P Global.

US imports from Asia in June totaled 1.565 million TEUs, up 9% from May and only slightly lower than January's 1.567 million TEUs. That makes June imports from Asia the second highest since August 2022.

The acceleration of imports that drove an early peak season comes as the head of the International Longshoremen’s Association (ILA) said negotiators attempting to hammer out a new contract for 45,000 dockworkers on the East and Gulf coasts are “running out of time” as the Sept. 30 expiration of the existing deal looms.

US imports from Asia up year on year since October

Total monthly TEU volume of US containerized imports from Asia, with year-over-year change



Source: S&P Global

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3M	6M	1Y	2Y	YTD	MAX
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The threat of labor unrest and the increased transit times and costlier voyages on all-water services to the East and Gulf coasts are diverting some discretionary cargo to the West Coast. Gene Seroka, executive director of the Port of Los Angeles, said the Suez Canal has lost 80%-90% of its traffic due to ongoing attacks on commercial shipping in the Red Sea.

The forced longer voyages around the southern tip of Africa add an estimated \$1 million in fuel costs per voyage, Seroka told a virtual press conference Wednesday.

Los Angeles is already experiencing increased vessel traffic ahead of the traditional peak shipping season that starts in August; Seroka said 63 ships carrying 570,000 TEUs are in transit from Asia this week.

Los Angeles is operating at 75%-80% of capacity and is ready to handle growing traffic volumes going forward, Seroka said. “We’re in very good shape heading into the second half of 2024,” he said.

While recent volumes have been boosted by frontloading, Marcus Reinmann, a senior vice president at Kuehne + Nagel, said retail customers this year underestimated demand. Shippers of auto components and other manufacturers had already begun to frontload cargo in anticipation of higher tariffs, Reinmann told the *Journal of Commerce* Thursday. Donald Trump, the Republican presidential nominee, has threatened higher tariffs on all US imports, particularly those from China. President Joe Biden has imposed tariffs on Chinese solar panels, semiconductors and other goods.

H2 market strength still unknown

It is still uncertain whether the frontloading of some fall and holiday merchandise in the first half of the year will diminish import volumes in the second half. Retailers, however, are forecasting strong cargo flows through the peak season.

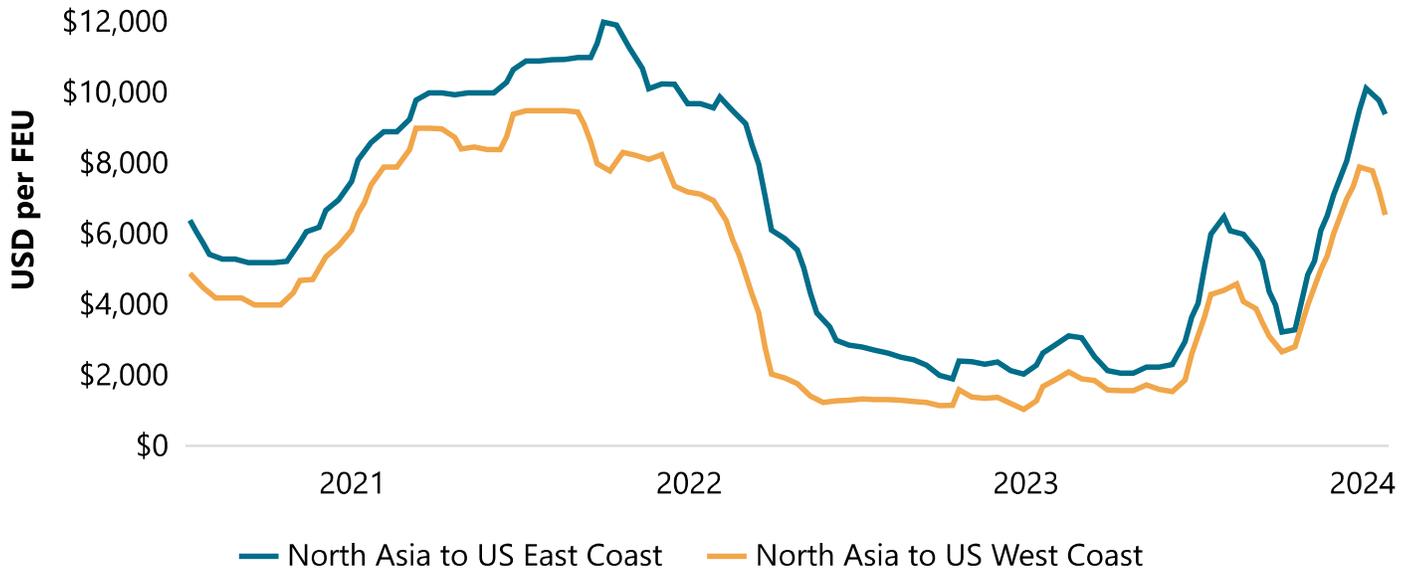
Carriers are likewise optimistic about the second half of the year, especially for West Coast imports. Liners in recent months have launched or reinstated 10 services from Asia to the West Coast — seven to Los Angeles-Long Beach and three to Vancouver and Seattle-Tacoma.

That capacity injection, meanwhile, has appeared to cool the two-month bull run in Asia-US spot rates. Rates to the West Coast were \$7,350 per FEU as of July 18, down 6% week on week, according to Platts, a sister company of the *Journal of Commerce* within S&P Global. Rates of \$9,850 per FEU to the US East Coast were down 2%.

Asia-USWC spot rate dips after two-month bull run

Container rate from North Asia to US East and West coasts in USD per FEU

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Source: Platts, S&P Global

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3M	6M	2Y	YTD	MAX
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Meanwhile, Asian imports landing on the West Coast in June were up 14.6% over June 2023, according to PIERS. Imports to the East Coast rose 8.1% last month, while Gulf Coast imports were up 9.5%.

The West Coast share of US imports from Asia in January through June was 57.7%, up from 56.6% in the first half of 2023, the PIERS data showed.

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