

# US import surge comes amid restocking, but puts port fluidity in the crosshairs



*The first quarter was Port of Los Angeles' third-strongest quarter ever in volume terms, according to its executive director. Photo credit: trekandshoot / Shutterstock.com.*

Peter Tirschwell | Apr 11, 2024, 8:26 AM EDT

Don't look now, but contrary to widespread sentiment throughout much of last year that 2024 would be another slow year for volumes, a broad-based recovery in imports is under way, creating new potential for disruption at North American ports later this year.

US import container volumes — up by double-digit percentages in each of the first three months of the year — are broad enough across commodity groups that economists believe a long-awaited restocking is under way following the lengthy destocking that led imports to plummet off their pandemic-

Journal of Commerce  
Column

induced highs during much of last year, restoring fluidity to congested ports and hammering ocean rates.

US retailers on April 9 upgraded their first-half import expectations for the third month in a row, predicting volumes will be 11% higher than the comparable six months in 2023.

But the import strength goes beyond restocking, showing the impact of a recovery in housing and the US manufacturing resurgence.

“Q1 [volume] looks to be up about 30% for us and it will be the third-best quarter in our history,” Port of Los Angeles Executive Director Gene Seroka told CNBC in Asia on April 3. “The demand starts with the US consumer and all of those statistics look very strong.”

After turning positive on a year-over-year basis in October, US containerized import growth has been accelerating trend, growing 4% in October, 5% in November, 10% in December, 11% in January, 32% in February and 24% in March, according to preliminary data from PIERS, a sister company of the Journal of Commerce within S&P Global. Import growth along the West Coast has been even faster this year, reflecting the return of discretionary cargo diverted to the East and Gulf coasts amid contentious longshore labor contract talks. Still, the growth has included all coasts.

Transportation economist Jason Miller said that when comparing containerized imports in January and February of this year with 2023, the top five product categories based on US Census Bureau data — semiconductors and other electronic components, plastic products, household and institutional furniture, motor vehicle parts, and household appliances — reveal the broad-based nature of the import surge.

“We continue to see a strong upward trend in new orders reported by US manufacturers of computers and electronic products, especially with the AI boom, which is likely causing more imports of components,” said Miller, a professor of supply chain management at Michigan State University and a Journal of Commerce analyst.

“Furniture, appliances and plastics are likely being driven by robust single-family housing start activity, which is up 20% or so from last year at this time,” he added. “More single-family starts means more furniture, household appliances, etc.”

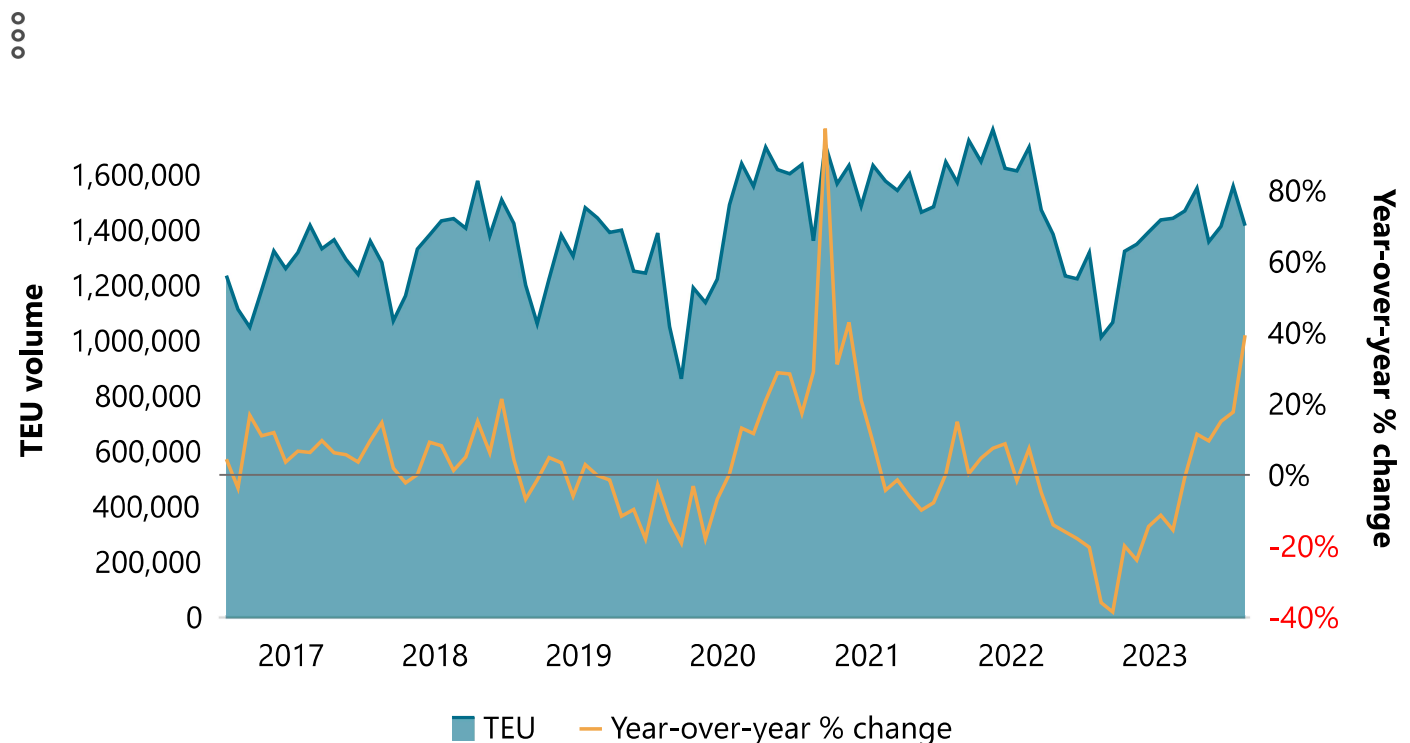
Miller also said inventory replenishment is showing signs of normalizing, meaning the destocking that contributed to the steep decline in import volumes last year may have finally turned a corner.

“We have seen various import-centric sectors of retail and wholesale trade get inventories-to-sales ratios back to pre-COVID levels, whereas they were elevated in the start of 2023,” he said. “The key issue with inventories-to-sales ratios being in balance is that replenishment orders will now be close to 1 for 1 with sales, whereas during the inventory drawdown period, replenishment orders are — by definition — less than 1 for 1 with sales.”

US imports from Asia in February of 1.42 million TEUs were up almost 40% from February 2023, according to PIERs, a sister company of the Journal of Commerce within S&P Global. That followed an 18% year-over-year jump in January.

### Asia–US volume growth accelerates through February

Containerized US imports from Asia, in laden TEUs, with year-over-year change



Source: S&P Global

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## Surge could spoil port fluidity

The surge could have legs this year. Economists at S&P Global Market Intelligence have been raising their forecast for US economic growth. Employment and wage

growth have been strong, with US jobs growth in March blowing through expectations and driving down the unemployment rate to 3.8%. Virtually no one is talking anymore about an impending US recession, although S&P Global Market Intelligence believes that following robust, above-trend growth in 2023, quarter-over-quarter annualized real US GDP growth will slow sequentially, from 3.2% in the fourth quarter of 2023 down to 1.3% by the fourth quarter of 2024.

But for the moment at least, robust import numbers are a red flag for port fluidity, particularly in the US, which has a history of underinvestment in marine terminal capacity. Indeed, history has shown that congestion will rear its head at major gateway ports when volumes surge.

There have been some initial signs of congestion resulting from the strong import volumes. At the ports of Los Angeles and Long Beach, while there have been no vessel backups, rail dwell times rose from 4.7 days in January to 6.3 days in February, according to the Pacific Merchant Shipping Association. Marine terminals and railroads acknowledged backlogs that they have been working through.

Similarly, the Port of Vancouver has been dealing with rail container backlogs since early in the year, primarily due to a surge in imports. Watch for more congestion if the import numbers continue their current growth trajectory.

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