Chart of the Month | April 2023

Alternative Data – Fewer Shipping Containers Arriving at U.S. Ports

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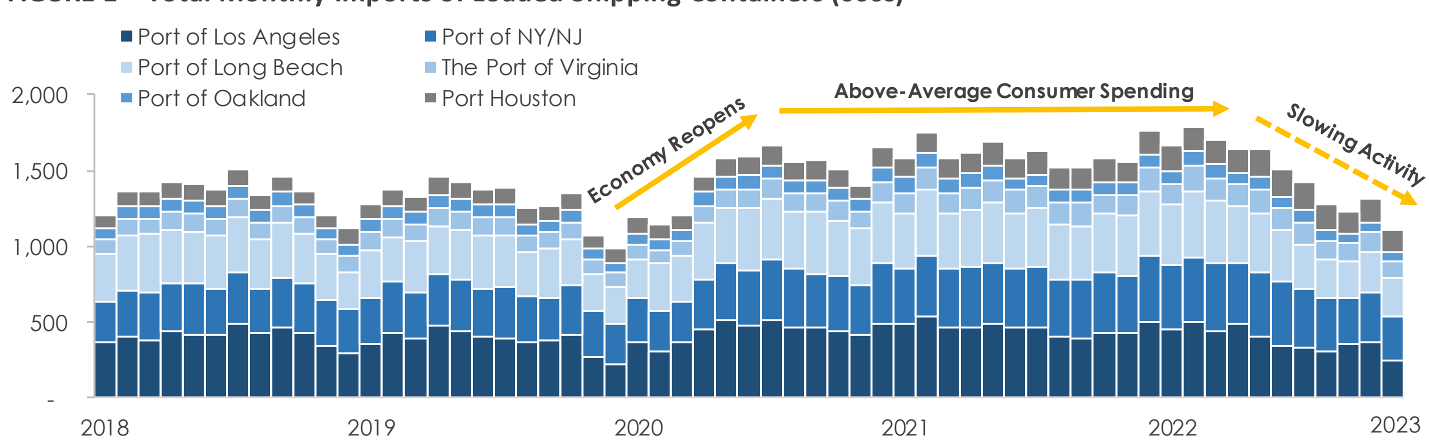
This month's chart explores an alternative dataset, the number of shipping containers coming into U.S. ports. Alternative datasets like this are often used by institutional investors, such as hedge funds, to identify patterns and trends that may not be visible in traditional economic datasets. Why are shipping containers relevant? The volume of loaded container imports can act as a predictor of upcoming economic activity, as they represent expected demand for goods, which is closely connected to consumer spending and overall economic growth.

Figure 1 graphs the total loaded container imports across six major U.S. ports every month for the last five years. The years 2018 and 2019 establish a pre-pandemic baseline, including seasonal trends, for monthly container imports. Container volumes were normal in January 2020 but then plunged in February and March and remained weak for multiple months as the pandemic shut down the global economy. Import volumes rebounded in the second half of 2020 as the economy reopened and remained above-average in 2021 as consumers spent heavily on goods. Container volumes peaked in May 2022, but since then, have declined in seven of the last nine months. February 2023's import volume was the third lowest month in the last five years, behind only February and March 2020 in the early months of the pandemic.

What is the data telling us? Fewer container imports indicate the economy is reverting to pre-pandemic norms. This drop could help alleviate supply chain bottlenecks and ease inflationary pressures, a positive development after inflation rose to a 40-year high during the pandemic. In addition, the decline in container imports may provide insight into upcoming economic trends. Businesses typically import less goods when demand is anticipated to decline, and declining imports could be an indication that businesses expect economic activity to slow. The question is whether the drop in shipping container volume is related to seasonal trends or the Federal Reserve's interest rate hikes, which are designed to ease inflation by reducing demand.

FIGURE 1 – Total Monthly Imports of Loaded Shipping Containers (000s)



Source: Databases from various U.S. Ports. Data represents number of TEUs, or twenty-foot equivalent container units.