

The supply chain may be turning a corner

March 29, 2022

Relief may be in sight for some parts of the supply chain. And we could see things normalize later this year.

Some good news at ports

For months, the news has been filled with stories of delays and long wait times for everything from appliances to cars. Recent data from the ports of Los Angeles and Long Beach indicate some relief, as the vessel backlog has declined meaningfully. This is consistent with our view that the ports have started to catch up during the typical seasonal post-holiday slowdown.

▶ The number of ships waiting to unload has declined



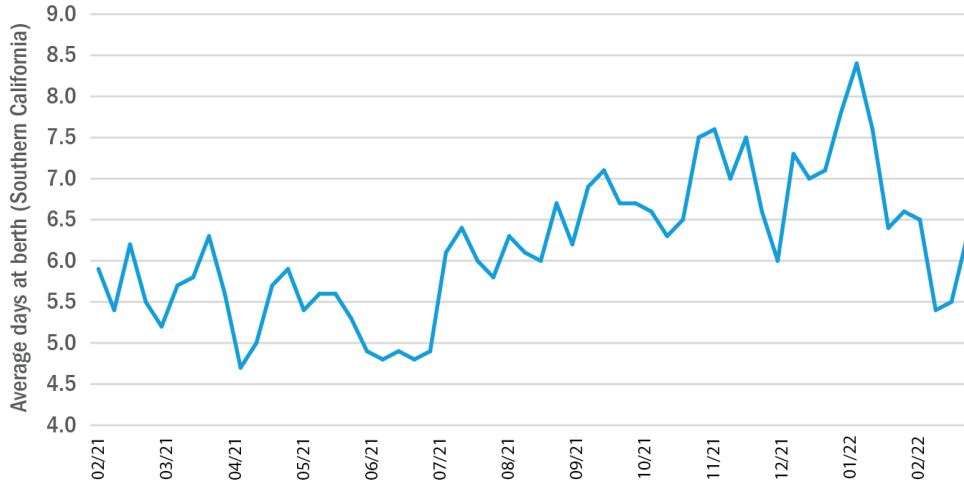
Source: Ports of Los Angeles and Long Beach as of 02/28/22

In addition, ships are unloading faster. The average days at berth has declined to near a six-month low. This is significant because the faster ships move through the ports, the faster supply chain congestion unwinds.



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▶ **Cargo is being unloaded faster**



Source: Ports of Los Angeles and Long Beach as of 02/28/22

Still too early to see impact on prices

While the ports are less congested, it's too soon to say that the supply chain delays are over. Once cargo is unloaded, much of it has to go on trucks, and while demand is down from its peak, the ratio of cargo looking for trucks remains quite elevated.

▶ **The ratio of loads to trucks remains high**



Source: Columbia Threadneedle Investments based on data from Internet Truckstop as of 01/22/22

This dynamic is also reflected in prices for containerships and air freight, which also remain high.

Bottom line: Supply chains are turning a corner, slowly

Many expect supply chains to normalize in late 2023. But we are seeing evidence that supply chain constraints are easing sooner. While the war in Ukraine may cloud the global picture, in the U.S., a seasonal lull has alleviated some of the most severe delays.



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