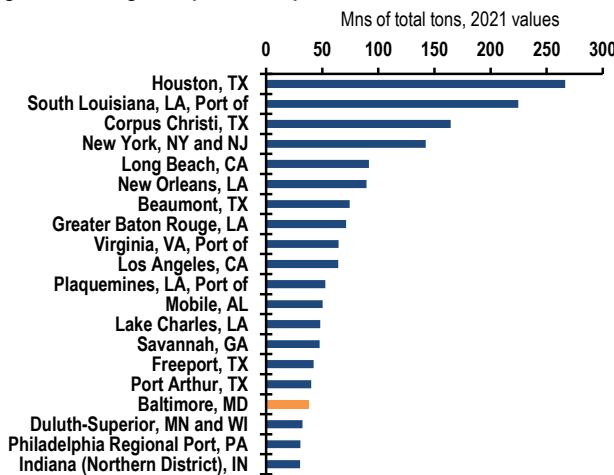


Focus: Baltimore port issues unlikely major for macro

The shocking collapse of the Francis Scott Key Bridge in Maryland has closed the Port of Baltimore and threatens to deliver another blow to domestic supply chains. The Port of Baltimore ranks 17th among US ports in tonnage handled (Figure 1) and is 15th in containers handled. However, it ranks first for light vehicle imports and is also an important coal export terminal.

Our initial assessment is that this development will likely only have minimal implications for vehicle inflation. While Baltimore is the most important port for vehicle imports, many more vehicles are imported over land from Canada and Mexico. Moreover, within less than 24 hours of the disaster, vessels were already diverted to other East Coast ports, and according to the Port of Virginia those ports will have sufficient capacity to handle all the diverted cargo. Finally, some auto companies have their Baltimore terminals outside the area choked off by the bridge collapse and will be less affected by the disaster.

Figure 1: Tonnage of top US water ports



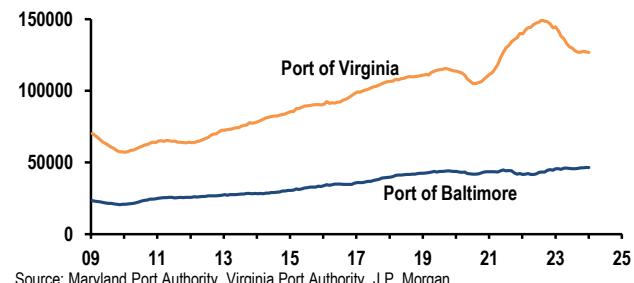
Source: Bureau of Transportation Statistics, J.P. Morgan

The Key Bridge was one of three interstate crossings through Baltimore harbor, but the only one that is not a tunnel and therefore available to hazardous material truck traffic. While those trucks will have a much longer western route, the larger impact will likely be on everyday commuter traffic in Baltimore and the eastern corridor. While surely a hit to well-being, this will show up minimally in economic statistics, though indicators specific to the Port of Baltimore and nearby areas could be significantly impacted (Figure 2). The tonnage passing through the Port of Baltimore accounted for only about 1.6% of total water port tonnage (in 2021) and vessel

traffic accounts for only a portion of international trade flows for the US (Figure 3). And as previously mentioned, much of the trade activity intended for the port could be rerouted elsewhere.

Figure 2: Imported loaded container traffic

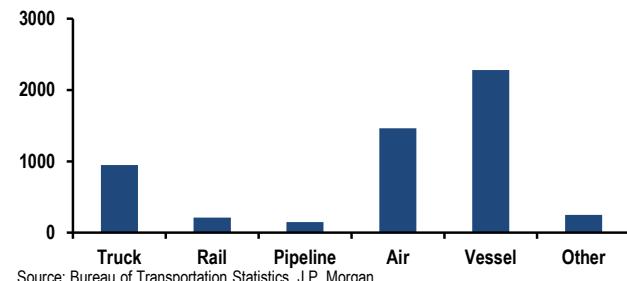
TEUs, 12m avg.



Source: Maryland Port Authority, Virginia Port Authority, J.P. Morgan

Figure 3: US-International freight flows by transportation mode

2017\$bn, 2022 values



Source: Bureau of Transportation Statistics, J.P. Morgan

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