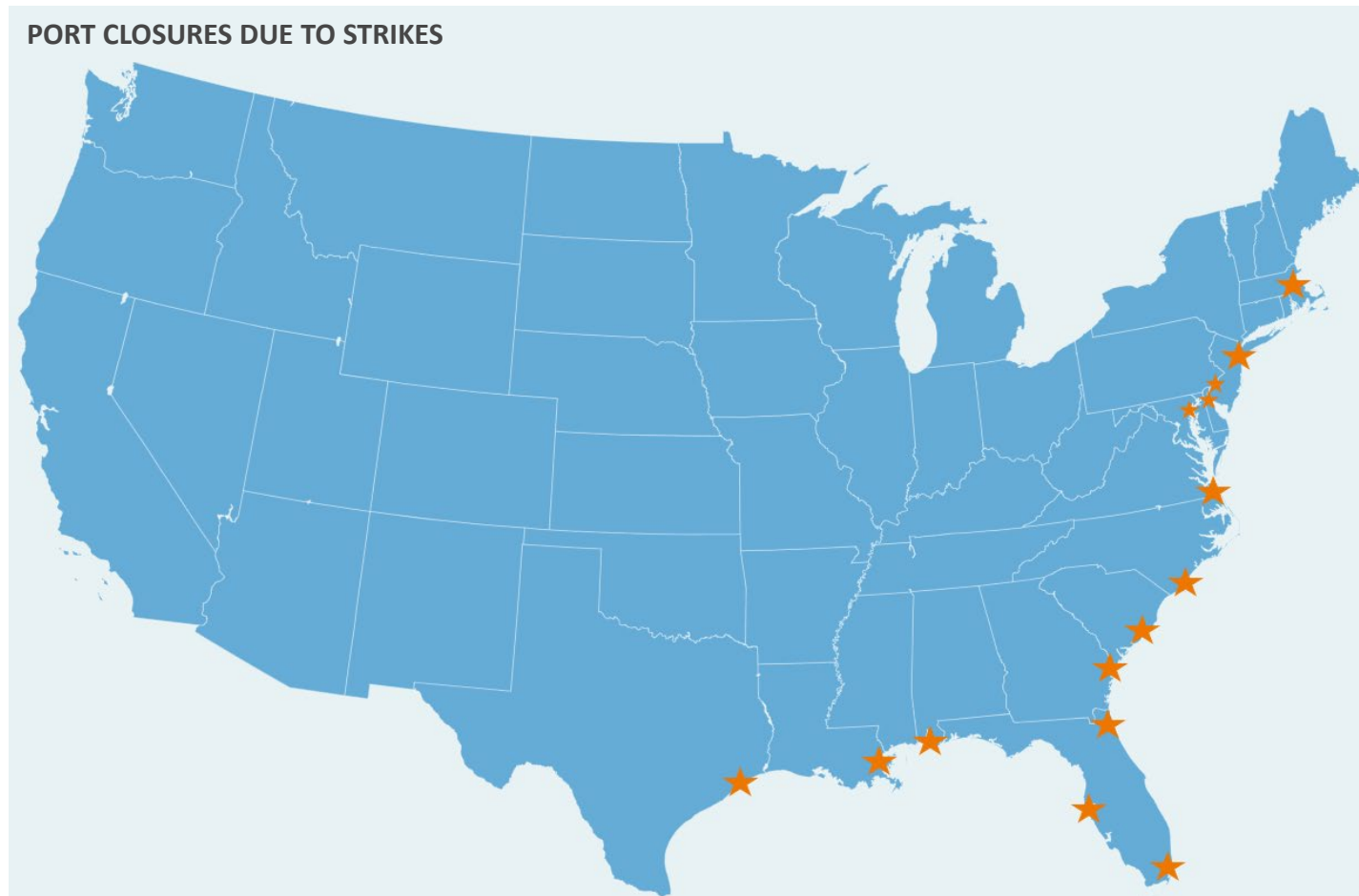


Verus Market Note

Port closures have potential for substantial economic impact

Early Tuesday morning, the International Longshoremen's Association (ILA) went on strike, involving nearly 50,000 dock workers across the south and east coast of the United States. Thirty-six major ports are now at a standstill, as union workers seek higher compensation and protections from future port automation.

This week's market note highlights the ports affected by the closure, which are responsible for approximately 50% of all ocean trade in the United States. Estimates suggest the U.S. GDP may suffer 0.1% per week of closure, or around \$4.3 billion of imports and exports. While west coast ports are expected to take on some of the freight that would otherwise be sent to eastern ports, a prolonged strike would likely cause a bottleneck that would take months to unwind, creating significant potential inflationary pressure.



Source: U.S. Maritime Alliance, as of 10/1/24