

Strong increase in retail inventories

The latest data from the US Census Bureau shows that there is a consistent inventory increase in the retail sector. Not only are retailers increasing inventories, the pace of increase has also quickened.

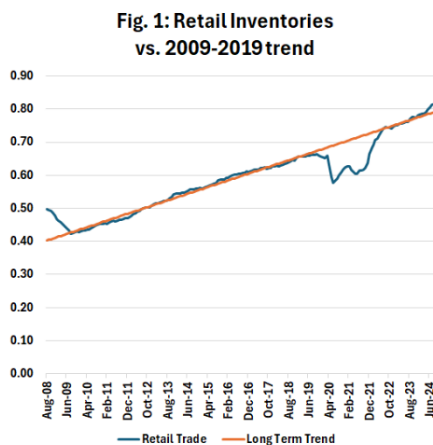
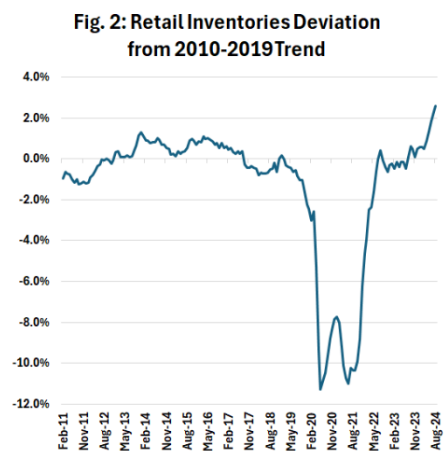


Figure 1 shows the development in the size of the retail inventories, as well as a trend line matching the 2009-2019 developments.

From the chart, it is evident that inventories are beginning to exceed the trend line. In fact, in absolute terms, the deviation has now in August 2024 reached a point where the retailers' inventories are 26 billion USD higher, than what can be accounted for by the normal trend development.

Which brings us to a very important question: how much have inventories historically deviated from the trend. This is shown in Figure 2 in percentage terms, with the time-series starting when most of the post-financial crisis effects had disappeared. As seen in the chart, the upwards spike in July-August 2024 is not only very visible, but also the largest deviation we have seen since the financial crisis.



It would therefore be correct to say that not only are retailers building inventory, but they are building inventory which is very excessive compared to the long-term trend. It is therefore beginning to emerge that the early onset of the peak season has been driven by retailers moving in products earlier, than they were being sold. If this is the main driving cause, it would also imply a subsequent sharp drop in imports – which indeed tallies with the market developments shown in spot rates on the Transpacific since the peak in mid-July.

--- 000 --- END OF PRESS RELEASE --- 000 ---

All quotes can be attributed to: Alan Murphy, CEO, Sea-Intelligence.

For more information, please contact: ia@sea-intelligence.com, am@sea-intelligence.com