



## Basis Points – May 26, 2022

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### Above the Fold

#### Backed-Up Seaports Still Creating Supply Issues

With memories of clogged seaports still fresh on everyone's mind from last fall, shippers are gearing up for an early start to the holiday shipping rush this year ... and many of those same ports remain clogged. Typically starting near the end of July, port directors expect to see the start of the "rush" season, but this year, they expect a rush to start closer to the end of June. Unfortunately, this is usually the same time the "back-to-school" supplies start to come in as well, which could end up causing even bigger delays than 2021. And with trucking and railroad companies short on employees and equipment, the White House and importers are concerned

with the ability of the U.S. shipping industry to keep up with the demand. Executive director of the Port of Los Angeles, Gene Seroka, spoke on this issue, saying, “When you remember back to the fall of last year — third and fourth quarter — that was our biggest impediment, folks getting their cargo off the docks.” In April, the Pacific Merchant Shipping Association reported that containers sat on the docks for an average of six days before being picked up by trucks and nine days before being picked up by train.

Port officials are somewhat hopeful for the coming surge in shipping, saying they are more prepared due to the full year of juggling backed-up ports. Over the last year, ports have revamped their operations to better handle port congestion before it becomes too much to handle. Longer hours and overflow container yards have already been established at some of the nation’s larger ports to help keep docks relatively clear for the impending busy season. However, even with these types of precautions in place, nearly 75% of shipping industry professionals surveyed by online marketplace, Container xChange, think that this year’s peak season will be as bad or worse than 2021. The war in Ukraine is continuing to force fuel prices to rise, jumping as much as 66% in port cities like Singapore. Shipping delays were still averaging over seven days in March, much higher than the average of 4.5 days in normal shipping times. Even with China’s month-long pandemic shutdown lessening recent imports, dozens of ships are still waiting off the U.S. coasts for a chance to unload. Even as consumer spending switches from goods to services, East Coast ports are still expecting to see 10% to 15% surges in imports coming their way soon. Given this, it may be best to get your holiday shopping done as early as possible this year if you hope to get everything you need in time for the holidays.

## Three Things

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### Digital (Live) Gambling Hitting the States

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In 2018, the Supreme Court decided to strike down the federal ban on state authorization of sports betting. This has opened the door for more betting opportunities in states that previously didn’t have the option. Now, with the help of companies like Playtech, people are starting to bet on more than sports from their phones. Digital live betting is taking hold in states like New Jersey and Michigan, and it allows for gamblers to bet on live games like poker, blackjack and roulette, right from their phones. Complete with real dealers and a real-time video feed, players can virtually sit down at many of their favorite table games and get the full experience from the comfort of their couch. It is quickly gaining popularity as well, with New Jersey raking in over \$1 billion in revenue in 2021 alone.

### Can Drones Help Walmart’s Sluggish Earnings Growth?

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Walmart plans to expand its drone delivery services to six states following Amazon's lead. Arizona, Arkansas, Florida, Texas, Utah and Virginia will be able to pay a small fee (\$3.99) to deliver up to 10 pounds of Walmart products directly to their doorstep in under 30 minutes. Select cities in these states will have access to the service as Walmart looks for ways to increase their poor earnings growth performance as of late. Walmart is the newest player in the drone delivery market after expanding a partnership with the drone delivery company, DroneUp LLC.

## **Stellantis and Samsung Head to Kokomo**

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Stellantis, the parent company of Dodge, Jeep and Chrysler, has decided to partner with Samsung in building an electric vehicle (EV) battery factory in Kokomo, Indiana. Samsung SDI is one of the world's leading manufacturers of EV batteries, something that Stellantis is in need of, following the push to electrify many of their flagship models. With a number of manufacturing plants already based out of Kokomo, Stellantis stands to ramp up production of their new electric cars.

## **In the Know**

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### **NYC Holds "Funeral" for Last Payphone**

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The last public payphone in New York City was removed from Times Square recently, marking the end of a bygone era. Since 1889, when the first payphone in America went online, the country was able to make a call anywhere they went for just a small handful of change. Since the invention of the cell phone in 1973, the days of the payphone were numbered. While it took decades, cell phones eventually became small enough, cheap enough and reliable enough for Americans to abandon the old ways. Payphones across the country have been removed or lay derelict as new technology has made it easier for people to make calls. Rest in peace old friends, you will not be forgotten.

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