

# Market Update – Q4 2023

- **Maritime traffic diverted to avoid Houthi attacks in the Suez Canal**
  - Most container ships are opting for safer shipping routes to avoid dangerous conditions in the Suez Canal.
- **A potential rate cut by the Federal Reserve**
  - Interest rates remain steady, prompting speculation about potential rate cuts.
- **Higher tariffs on electric vehicles could reignite economic tensions between the US and China.**
  - The United States may tighten restrictions on goods coming from China.



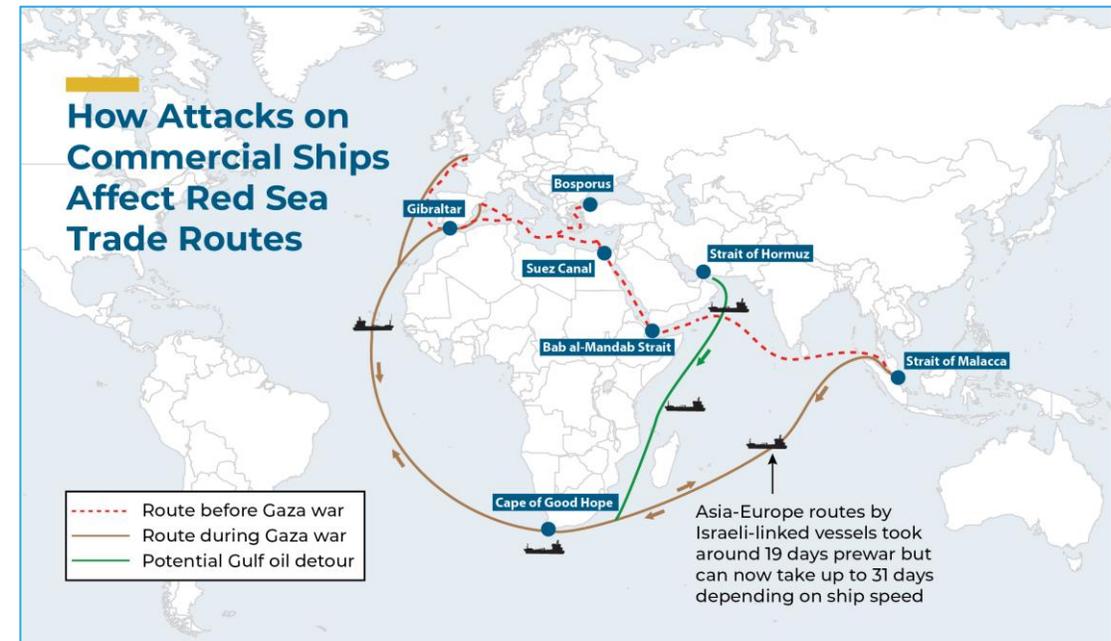
# Transit times are affected by Houthi attacks in the Suez Canal



**Summary** – The Suez Canal is the most efficient trade route between India, Europe, and the US. Houthi attacks on ships traveling through this area force shippers to take considerably longer routes.

- **Detail**

- Many container ships have altered their course and are going around southern Africa, steering clear of the Suez Canal.
- In 2022 higher transportation costs created price increases in the global marketplace.
- As logistics companies opt for longer routes, we may see our landed costs increasing again in 2024.



Source: the Washington Institute for Near East Policy

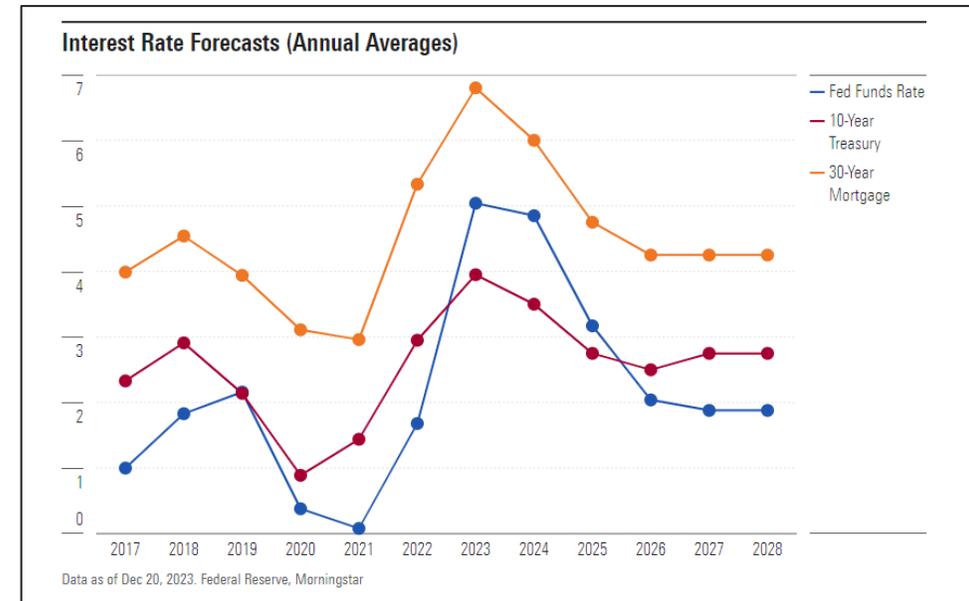


# The potential for a rate cut by the Federal Reserve

**Summary** – The Federal Reserve suggests an end to rate hikes, indicating that a drop in the interest rate could be imminent.

- **Detail**

- This will increase the supply of money as interest rates decline, which will weaken the value of the dollar and will affect the cost of goods the US imports.
- The next Federal Reserve monetary policy meeting is scheduled for January 30, where investors expect the Central Bank to begin lowering rates as early as March 2024.
- Reducing the rates too quickly could cause inflation to spike again, which could potentially create increased cost of goods manufactured overseas in 2024.



# Higher tariffs could reignite economic tensions with China

Summary – The global economy watches closely as the United States reviews tariffs on Chinese goods.

- Detail
  - The US Government extended import taxes on many products manufactured in China and considers adding new restrictions.
  - We will continue to work closely with our partners overseas to anticipate the potential impact to our supply chain later in 2024.

