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MARKET COMMENTARY

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To Our Valued Clients,

Word of the Francis Scott Key Bridge collapse hit national news channels in the early morning hours on Tuesday and quickly spread to global mediums as the severity of the situation began to take hold. The paramount focus was, and continues to be, the human consequence of the catastrophic destruction of the bridge, an absolutely tragic situation. Of secondary concern in the days ahead will be challenging questions around the economic disruption of one of the nations busiest ports being shuttered.

The Key Bridge served as a vital artery to greater Baltimore transportation, carrying an average of 31,000 passengers a day over one of the United States' most crucial shipping hubs. The port of Baltimore is the ninth busiest in the country in terms of both cargo volume and cargo value, accounting for over 52 million tons of cargo worth an excess of \$80B last year alone. It's estimated to be directly responsible for nearly 15,000 jobs, over \$3.3B in total personal income, and \$400M in annual tax revenues. The automotive industry carries distinct exposure to the port as it's recognized as the largest handler of imports and exports of cars and light trucks in the United States. Moreover, the bridge itself acted as an alternate route for hazardous materials and oversized vehicles that were prohibited from using the 95 and 895 tunnels to get across the harbor, a pivotal piece of infrastructure for companies like Amazon, Under Armour, Home Depot, BMW, and Volkswagen, all of which who have distribution facilities in the area. The questions now becomes with the port shuttered for an indefinite period, where can the resulting bottleneck migrate to? What other ports on the East Coast have the capacity to absorb excess cargo? Does this accelerate a shift of goods through west coast ports? The closure underscores the broader challenges posed by supply chain disruptions, which have become increasingly prevalent in recent years. The global economy has witnessed firsthand the adverse consequences of such bottlenecks, highlighting the need for resilient infrastructure and swift contingency plans.

There are certainly more questions than answers right now as the situation remains fluid, however, with the Port of Baltimore playing such a key role in the global supply chain, near-term answers are paramount. Thanks for reading, and as always, if you have any questions or if we can help in any way, please don't hesitate to give our office a call.

With My Best Regards,

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