3rd Quarter 2026 Update

July 8, 2026

Dear Customers and Partners:

I always enjoy the annual MIDA (Puerto Rico Chamber of Marketing, Industry, and Distribution of Food) Conference and Show held in San Juan at the end of June. This year was no exception. MIDA is the largest convention for the food and beverage industry in the Caribbean, with more than 2,200 attendees and 550 exhibitors. The three-day meeting and exhibition are professionally managed by Mr. Manuel Reyes, the executive vice president of MIDA, who deserves ‘full marks’ for this annual event.

This year’s conference was held from June 25 to 27 at the Puerto Rico Convention Center. The program kicks off with a lecture and overview of the consumer, identifying their buying patterns and consumption trends, known as the “Consumer X-Ray.” The key insights included the consumer’s shrinking budgets and cautious spending. Food spending dropped by 5% and household spending dropped 14%.

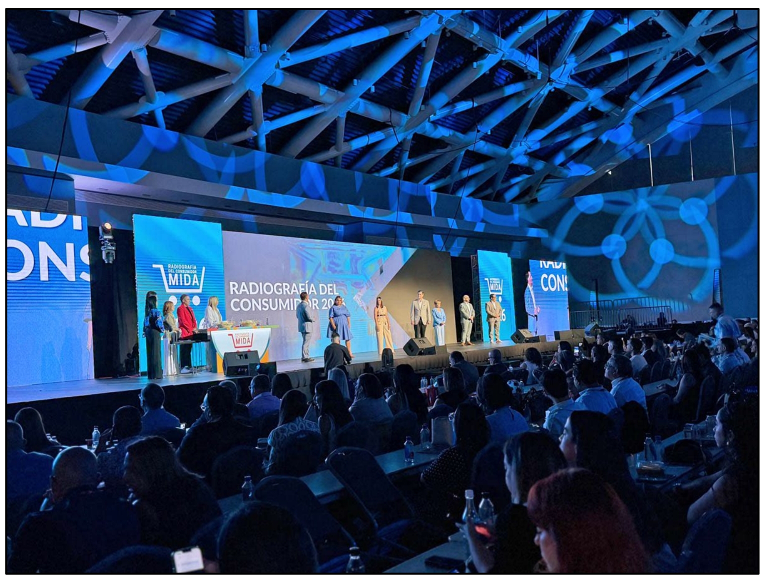


Photo courtesy of MIDA

From an ocean carrier perspective, the “affordability” factor plaguing consumers today, combined with inflation, reduced the total volume of containerized food and household goods by 8%. One slide showed a shopping cart three-quarters full compared to last year, at the same price. I am sure all of us can relate to that!

One of the presentations highlighted the heavy reliance on assistance programs that depend on government support. Approximately 43% of the PR population receives food assistance through the Nutritional Assistance Program (PAN), and older adults have been reducing their food purchases.

Other themes included planning before shopping, health-driven purchasing behavior, demographic pressures and emigration intent, and channel preferences related to supermarkets, discount stores, and online grocery adoption. There is no doubt that economic anxiety is shaping consumers' buying decisions. Concerns about inflation, healthcare expenses, and job stability have led to conservative spending.

The exhibition hall was filled with the largest food and beverage suppliers, vendors, and agents on the island. It is a gastronomic event that promises you will not go home hungry, but maybe slightly inebriated. It is an annual must for any supplier, vendor, or consumer.

One of the reasons for the softness in the volume that is close to our hearts is transportation. The fact that diesel prices increased by 40% in March will still play out through the balance of the year. No one suspected that the war in the Persian Gulf would lead to the on-and-off closure of the Strait of Hormuz, the gateway for 20% of global oil movement.

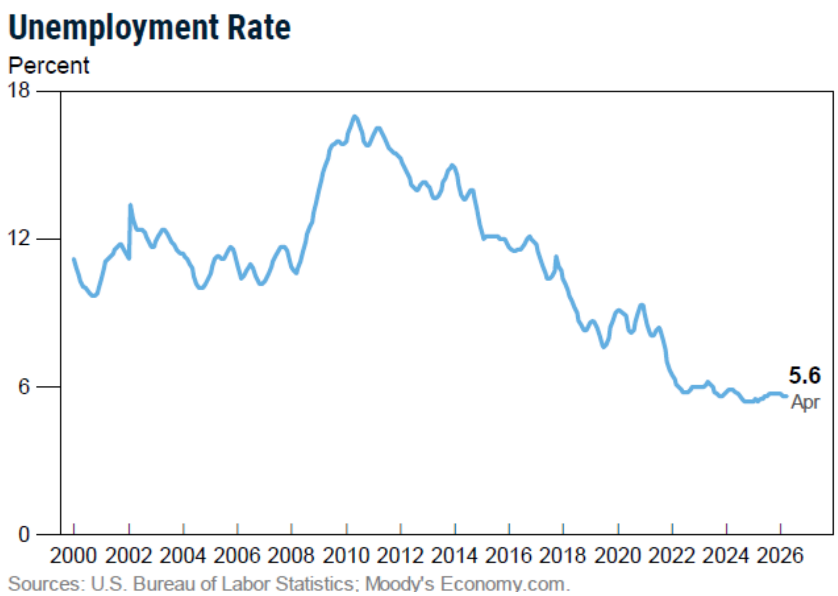
The Iranians surprised everyone by weaponizing the Strait and treating this 22-mile-wide sea passage as a canal that they currently control and charge fees for passage. It appears that the impacts of higher prices for oil and its byproducts from the refining process, such as diesel, heating oil, and aviation fuel, will persist through 2026. Indirect impacts, such as the costs of plastics and fertilizers, have contributed to the recessionary trends we are all experiencing, even at the supermarket.

The 40% increase in fuel costs affects not only ocean transportation but also inland transportation stateside. Inland transportation such as trucking and intermodal rail impacts the overall cost more than the ocean transportation cost.

I think it is important not to discount the inland trucking portion of the total transportation package. While in most instances the inland trucking component is greater than the ocean freight cost, especially for products that originate or are destined west of the Mississippi, one should take note of a recent U.S. Supreme Court ruling that could affect you.

The case is Montgomery v. Caribe Transport, whereby a victim was severely hurt, and the court implicated not only the trucking company but also the truck brokers involved. The court held that the broker failed to properly vet the trucking company and therefore imposed liability on the broker. Choosing the lowest trucking rate could result in a liability of millions of dollars for the broker or the initial purchaser of transportation services. The alleged broker in this Supreme Court decision will be liable for some of the damages. The broker or entity is a well-known Fortune 500 company.

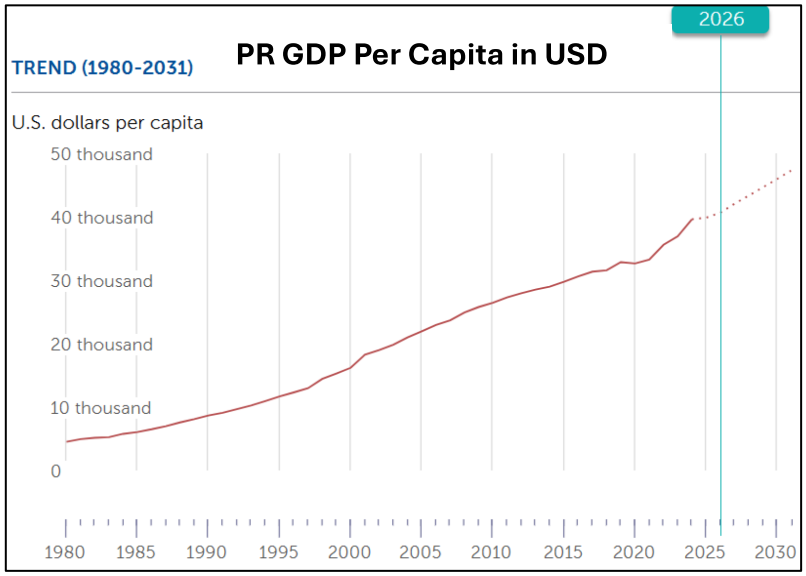
Looking ahead to the third quarter, while there are some dark clouds, the economy remains stable but fragile. Manufacturing, tourism, and construction remain bright spots but are hampered not only by energy issues but also by more recent water issues. Unless the island can better manage its energy and water resources, the key industries will suffer, as confidence in the island's stability is threatened.



Puerto Rico is also buoyed by Washington's focus on the Caribbean. Operation Southern Spear" includes the positioning of 30 F-35 aircraft and 10 naval vessels. It also includes the deployment of more than 15,000 military personnel, who have arrived on the island in the past eight months. Their missions? Targeting narcotics trafficking and serving as the launchpad for the capture of the Venezuelan president in Caracas.

According to sources, the Trump Administration's focus is now on Cuba, further justifying investment in Puerto Rico. Recent events from the earthquake in Venezuela prompted a $150 million aid package from Washington. Haiti is also on the radar stateside with indirect support to counter the ongoing gang warfare.

The activity in Puerto Rico will support federal projects and employment for the island in the near term. Federal reconstruction on the island remains the largest near-term economic catalyst. Tens of billions of dollars have been obligated for energy, water, housing and transportation. Properly executed, these projects can raise productivity, improve reliability, and attract more investment in industry.



For the rest of 2026, it seems that Puerto Rico will remain stable and experience moderate growth while playing a more strategic role in the region.

Our vessel, the *National Glory* is operationally fit and will maintain our schedule of sailing and arriving in San Juan every other Wednesday.

We have made security checks on the vessel as we enter the hurricane season. Her schedule reliability should be close to 100%.

Thank you for your continued trust in us as your shipping partner to Puerto Rico. We remain committed to providing our niche service from Houston, ensuring your cargo arrives safely and on schedule. Our team is always here to support your supply chain and help your business thrive in the upcoming quarter.

Wishing you a Happy Summer!

Sincerely,

Torey Presti

Torey Presti
President