

TRADE DASHBOARD

GLOBAL FREIGHT PROCUREMENT - JULY 2022

Hillebrand **GORI**

A company of



EUROPE

EUROPE TO NORTH AMERICA

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

No sign of abatement for the spot rates on the Transatlantic Westbound, even though rates are four times higher than last year. **In May, volumes from Europe to US East Coast were up 42% year on year, especially with the Euro close to parity vs the US dollar.**

Capacity wise, carriers blanked 27 sailings in June due to congestions and off schedules services. However **two new services have been added by MSC in June**, a 'North Europe to Mexico Express' adding ~4,000 TEU weekly, and a 'South Turkey - Israel - Egypt - USA' adding ~5,000 TEU weekly to New York and Savannah.

EUROPE TO OCEANIA

Space availability	
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Ocean rates, last 3-months	

Space remains under extreme pressure... **Peak season started early due to previous shutdowns**, and with demand staying strong, overbooked direct services, and origin and relay ports hit by congestion, freight rates continue to rise.

The CMA CGM / MSC direct loop continues to stagger its port calls between North Europe and Med ports, now called respectively fortnightly only. As for the 'Panama Direct service' (CMA CGM), a positive development is that it will remain weekly year round.

Despite relative calm now on the industrial/union front, 2-3 days delays are still common for berthing, and up to one week in Auckland. Delays are hardly expected to improve for the rest of the year. De-hiring of containers continues to be challenging as depots are over capacity, particularly in Auckland.

EUROPE

EUROPE TO ASIA / MIDDLE EAST

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

Volumes decreased 15% in Q1 2022 year-on-year, and spot rates have shown some signs of erosion after Chinese New Year. These lower volumes also imply we may be soon entering into a demand catch-up scenario, provided China economy recovers from lockdowns (local consumption remained in contraction in May), and Japan imports do not suffer too much from inflation and JPY depreciation.

Meantime the trade is already affected by strong constraints due to the critical congestion in North Europe ports, and to the persistent unreliability of schedules (33,7% of vessels on time in May according *Sea-Intelligence* data). **Acute equipment and capacity shortages are to be expected when demand ramps up.**

To the Middle East, similar to the Far East Asia trade, getting equipment remains a challenge, and even more so for reefers as carriers like to position them to other trades. Plus Jebel Ali is still hit with congestion.

NORTH AMERICA

NORTH AMERICA TO EUROPE

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

No major supply change, except a recent capacity injection by MSC of two new loops, one on the East Med / USA route, and the other on the North Europe to Mexico route.

Spot rates are stable, if we omit the increases due to the rise of fuel costs. Congestion has improved at USWC ports, whilst situation has deteriorated on the USEC ports, especially Savannah and Houston. NY/NJ ports struggle with empty container drop limitations imposed by carriers.

In that context, **schedule reliability remains at awfully poor levels** : 28,9% of vessels on-time in May, average delay of 5,78 days – according to *Sea-Intelligence*.

Equipment availability is definitely better at ports, inland depots suffer big time so that it drives carriers to announce credits for certain inland points.

NORTH AMERICA TO SOUTH AMERICA

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

This trade has suffered a lot. First by congestion at US ports and then with the infrastructural issues at traditional T/S ports in South America and Central America. **Ports like Rodman, Manzanillo (PA), Lazaro Cardenas, Cartagena still have way too many containers to move to all directions.**

Carriers' hands were tied and they could only reduce the frequency to melt the accumulation. For example, **CMA-CGM** redesigned USWC to San Antonio service to be bi-weekly. 'Brazex' service also, for a time. Indirect solutions such as adding capacity from South America to Asia are also used so to evacuate boxes faster from these ports.

These solutions can be efficient to some extent, however the trade situation remains extremely difficult, and rates levels (spot and contract) are still on the rise.

NORTH AMERICA

NORTH AMERICA TO ASIA

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

Labor negotiations between the ILWU (International Longshore & Warehouse Union) and the PMA (Pacific Maritime Association) are on since May 12th and stakeholders have been waiting anxiously for an agreement as the previous contract expired on July 1st. Yet **the two parties issued a statement on June 14th stating that cargo operations would continue without a lockout**, so not disrupt further the supply chain.

Vessel arrivals and available capacity are fluid for all USWC ports. A lot of sailings were blanked in June due to the vessel backlog following Shanghai lockdown, **and more are expected** as Eastbound demand weakened. **USEC continues to see challenges, now especially ex New York and Houston.** Ocean rates are stable (except for reefers), container and chassis scarcity, yet improving, continues to affect inland points. Oakland has been affected by additional factors, such as the reduction of the number of vessels stopping at this port.

NORTH AMERICA TO OCEANIA

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

So much cargo and so little space... In that context, **spot rates keep increasing on that tradelane**, reaching in June as per *Drewry's* assessment \$4,950 /40ft ex Los Angeles to Melbourne, and \$8,250 /40ft ex New York to Melbourne (up 41% and 115% respectively vs June 2021).

Carriers on the direct services are continuously reviewing schedules and options but cannot avoid services disruptions, although it's worth noting Oakland is back with a weekly call. Strong disruption at USEC: even an import port (NY) had to be omitted for schedule integrity reasons. POD Auckland still suffers from 7 days of dwell time. Other ports are better, though delay can also reach 4-5 days in Brisbane and Sydney.

ASIA

ASIA TO EUROPE

Space availability	
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Despite a lower demand - volumes are down 3% in the first 4 months of the year compared, according to *Container Trade Statistics* - **congestion is hitting main European ports**. Adding to the well known 'missed schedules' issues, **the consolidation of port calls in Europe (less calls, more containers) contributed to create bottlenecks** extending to intermodal. Alternatives are now considered more often, for instance **Hapag Lloyd** promoted Wilhelmshaven as alternative to Hamburg/Bremerhaven.

Spot rates are softening on this trade, and demand outlook is rather dull in a context of high inflation and customers being more cautious. **Yet the impact on market is uncertain** and will depend on supply chain ability to deal with congestion, and carriers adjustment on supply (blank sailings).

ASIA TO NORTH AMERICA

Space availability	
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Schedules reliability assessed by *Sea Intelligence* in May only shows some 20% of vessels on time... **Improvements at West Coast have been obtained at the cost of congesting East Coast ports**. According to *PIERS/JOC.com*, New York ports import volumes increased 9,7% through the first 5 months of the year, and 6,5% of the cargo landing in New York was usual West Coast cargo being diverted. Situation remains very fragile, as an uptick in demand from China would be a struggle to deal with.

On the supply front, **MSC** has added more capacity to USEC with the new 'Zephyr' service (5,000 TEU) and the upgrade of the 'Santana' (replacing 5,000 TEU vessels by 9,000 TEU ones), however has withdrawn the "Puma' China-California shuttle (5,000 TEU vessels).

ASIA

INTRA ASIA

Space availability	
Ocean rates, next 3-months	
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The re-openings in Shanghai prompted back demand from China, as well as the restart of Shanghai port operations for export, whilst **demand continues to be strong from South East Asia**. Most ports are operating at levels close to normal, though there are still issues with lack of labour, congestion, and a tight equipment situation, particularly in South East Asia.

Rates are expected to remain stable in the foreseeable future. It is still necessary to prepare at least 4 weeks lead time for Intra Asia bookings, particularly for booking on direct services which are oversubscribed, as transhipments options tend to be avoided due to delays.

ASIA TO OCEANIA

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

First impacted by Shanghai lockdown, **demand now sees a strong rebound**, once again a backlog of cargo is putting strain on this trade.

Cosco and CMA CGM have added capacity (4,000 TEU per week) in June with the introduction of the 'A3X' service linking China (Shanghai and Shenzhen) to Australia East Coast (Brisbane and Sydney).

Spot rates increased lately on the trade, and despite the new service, considering **the powerful demand in the region (expected to continue through Q3)** and the continuous schedule reliability issues in Australia and New Zealand, we expect these increases to last.

OCEANIA

OCEANIA TO NORTH AMERICA

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

Space remains constrained, despite **the return of Oakland weekly call, as Adelaide remains a fortnightly call only**. To some extent schedules are improving though, schedule reliability showing 64% of vessels on time on the trade in May.

20ft equipment remains critical in Adelaide (too frequently omitted, or supply disrupted from Sydney, to get normal supply), as well as in NZ. Whilst normally challenged ports such as Nelson are impacted, even supply ex Auckland is a concern.

In the US, congestion is easing due to the softening on the Transpacific eastbound market **but inland moves are still hit with delays** as demand continues to exceed capacity.

OCEANIA TO ASIA

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

Ex Australia, the peak season grain and cotton did place additional pressure on available space on all services. **Delays through Sydney, inefficiencies due to floods, and lockdowns in China have also added to the unreliability of schedules**. Ex NZ, the perishables peak season is lasting longer than usual, due to late growing seasons for apples and kiwi, adding more pressure on space.

To cope with the high regional demand, **Cosco and CMA CGM added capacity (4,000 TEU per week) in June with the introduction of the 'A3X' service calling Brisbane, Sydney, Shanghai and Shenzhen, but equipment supply remains critical**.

OCEANIA

OCEANIA TO EUROPE

Space availability	
Ocean rates, next 3-months	
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Rates increases continue to affect the trade, as congestions keep crippling the area. And with the long distance to cover, **high bunker increases**, over \$500 a 40ft, are also affecting transport costs further from July onwards. **The direct CMA CGM / MSC service sails full, and relays services provide little relief when they are equally packed.**

Ex Australia, whilst omissions of Adelaide have become less frequent, with the peak seasons for grain and cotton the vessels remain tight for space. Equipment supply gets on life support in the area due to congestion and delays from the main pipeline point of Sydney.

Ex New Zealand, Auckland continues to deal with delays, of about a week at the moment. Ex Nelson, Wellington and Lyttelton, “minimal” delays shall be expected to berthing, as well as some omissions due to scheduling compensation.

SOUTH AMERICA

SOUTH AMERICA TO NORTH AMERICA

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

To California, options are limited after **Hapag Lloyd** withdrew the 'MPS' service. Congestions, vessels delays, and the limitation of port moves to reduce time at berth are affecting capacity further. To the East Coast (USA and Canada) however, capacity remains stable. Reefer demand will slow down after July, possibly bringing some more relief.

Equipment flows improved for 40ft, but remain a real challenge for flexitank suitable containers (affected in addition by weight restrictions).

From the East Coast, demand is still very high from Brazil with the Real devaluation, so that space is hard to find. **Maersk** and **Hapag Lloyd** have announced they would continue to omit Norfolk and to serve Charleston / Port Everglades in alternance on their 'Tango' / 'SEC' service.

Rates keep increasing, especially to North America West Coast.

SOUTH AMERICA TO ASIA

Space availability	
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Persistent lack of equipment, dry cargo exports competing against empty repositioning to Asia, regular Covid-related workforce reduction... **all feed rate increases**. Formal booking stops have been lifted, but allocations remain extremely limited.

Cosco and **CMA CGM** have launched their fortnightly 'WSA6' / 'ACSA5' service at the end of June : 5,000 TEU vessels calling Manzanillo (MX), Puerto Quetzal and San Antonio.

Another service will be launched on July 13th from Ningbo by **PIL**, **Wan Hai** and **Yang Ming** with ~4,000 TEU vessels serving Manzanillo (MX), Lazaro Cardenas, Puerto Quetzal, Buenaventura and Valparaiso. Two welcome additions, yet it is too early to evaluate positive impact on the trade.

SOUTH AMERICA

SOUTH AMERICA TO EUROPE

Space availability	
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From the West Coast, operations remain erratic in the port of San Antonio with bad weather, vessel delays, or reduced berthing windows impacting capacity. Globally **the equipment situation has improved**, except for reefer units as well as flexitank suitable 20ft.

The 'Eurosai' / 'SWX' / 'EWX' service of **CMA CGM, Hapag Lloyd** and **Cosco** will continue to skip calls at Le Havre and Puerto Angamos at least till the end of the year, due to ongoing congestion issues in Europe.

From the East Coast, demand is still very high, and the reefer citrus campaign from Brazil and Argentina is adding pressure on rates. **Situations in ports show mixed fortunes, though in general rather better than on the West Coast** : Buenos Aires operates normally in all terminals, in Brazil however most ports are hit by congestion / ports omissions. The Rotterdam call was restored on the **CMA CGM's** 'Safran' loop.

SOUTH AFRICA

SOUTH AFRICA TO EUROPE

Space availability	
Ocean rates, next 3-months	
Ocean rates, last 3-months	

Trade is still very impacted by the shortage of equipment (especially 20ft), both in Durban and Cape Town. Weather related issues continue to hamper South African ports operations, with seasonal strong winds lately, though obviously nothing comparable to the disastrous floods of April/May.

Capacity is constrained by solid demand, off-schedule vessels (less than 20% are on-time), amended port rotations (which will continue with more European ports omissions), and priority given to reefers on the peak of the citrus season.

Moving forward, as there is no quick fix for South Africa ports productivity, neither for equipment supply, as European ports face congestion, and with **DAL's** take over by **Hapag Lloyd**, **we should expect further pressure on the rates.**

LEGEND

Space availability :

Space extremely limited (or stop booking)	
Space limited	
Space available	

BUNKER WATCH

