# *Transpacific Eastbound Trade Report*

***14 September 2018***

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## Section I. State of the Trade – Executive Summary

Carriers in the transpacific eastbound trade have deployed a growing number of extra-loaders in mid-September to combat lingering booking and container backlogs in the Asia-US West Coast trade, and are hopeful that the actions (a month too late in our view) will help to clear up backlog by October 1st, China's National Day holiday. The urgency to clear backlog also weighs heavily on the carriers because of their aggressive blank-sailing program in early October, which will see more 20% of capacity between Asia and LA/LB will be blanked during the second week of October. Despite the spot-tonnage growth in September however, space remains extremely tight particularly under long-term/BCO/named-account rates. To the US East Coast, and similar to what we reported two weeks ago, space is tight and availability of space under long-term/BCO rate levels is limited, but still nowhere near that of the US West Coast trade. In the coming weeks, we should see some additional space relief, though we do not hold out hope that rates will decrease significantly before the end of September.

## Section II. Carrier Utilizations and Rate Trends (next week)

### Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 100-120% (including backlog)
Rate Trend (next week): ⟺

### Asia-to-Pacific Northwest (PNW)

Average Vessel Utilization: 100-110% (including backlog)
Rate Trend (next week): ⟺

### Asia-to-US East Coast (USEC)

Average Vessel Utilization: 100%
Rate Trend (next week): ⟺

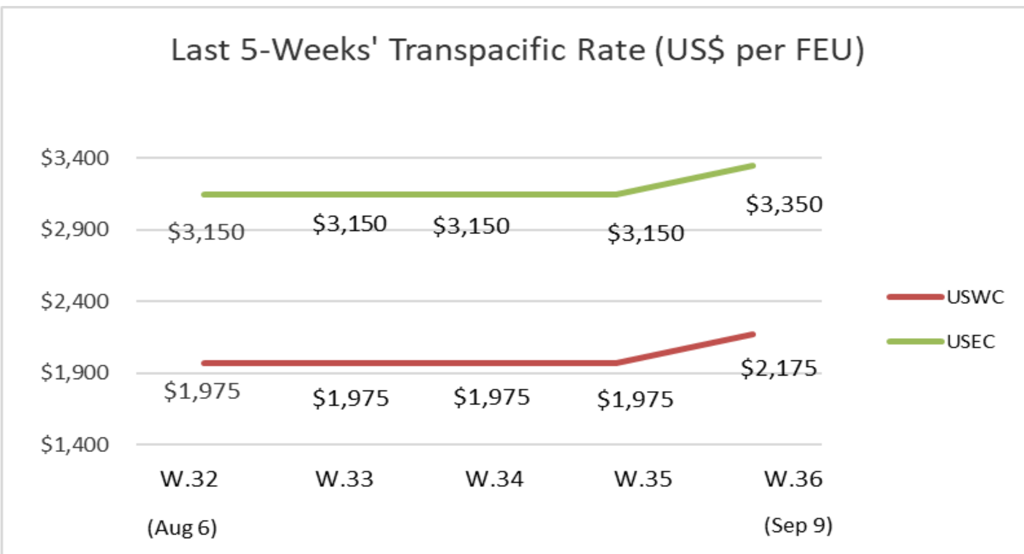
# Section III. Trade & Rate Outlook

## A. Current Average Rates – Week 37 (as of 14 September 2018)

M+R Asia Base Ports to US West Coast (CY):
- Lowest: $2150 per FEU (PIL)
- General Range: $2200-2300 per FEU
- SCFI (Week 37): $2349 per FEU

M+R Asia Base Ports to US East Coast (CY):
- Lowest: $3350 per FEU (YML)
- General Range: $3350-3450 per FEU
- SCFI (Week 37): $3512 per FEU

M+R Asia Base Ports to Chicago (Ramp):
- Lowest: $3650 per FEU (CMA CGM, via PRR/VAN)
- General Range: $3650-3800 per FEU (via PRR/VAN)




## B. Rate & Trade Outlook – Weeks 38 & 39 (17-30 September)

As the China National Day holiday nears, carriers will continue to deploy extra loaders to the US West Coast to clear backlog, but space will remain tight to both coasts as fresh demand will continue to be strong through the end of the month and just before the holiday week. We expect a continuation of cargo rollover, particularly to the west coast, as the carriers continue to manage through backlogs and line-up capacity deployment prior to the holiday. Rates should remain stable for the duration of September, but we cannot rule out some slight tweaks to US East Coast rates, since carriers do not face the same level of demand as they do to the US West Coast, and there may be a few carriers more aggressive to build roll-pools heading into the holiday.

Figure 1 - Previous Forward Rate Projection as of August 31st:

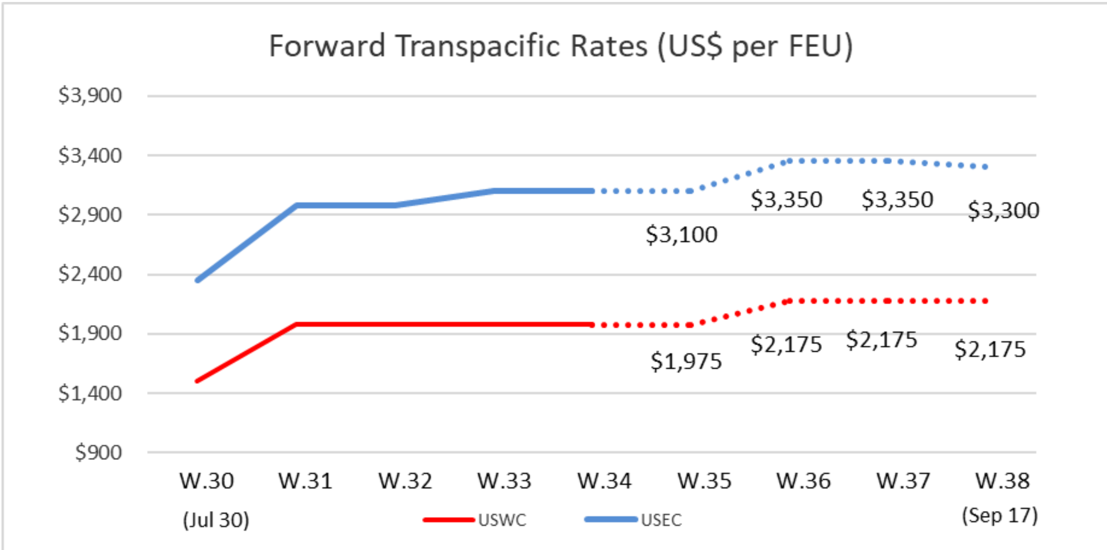



Figure 2 - Updated Forward Rate Projection as of August 17th: