



Transpacific Eastbound Trade Report

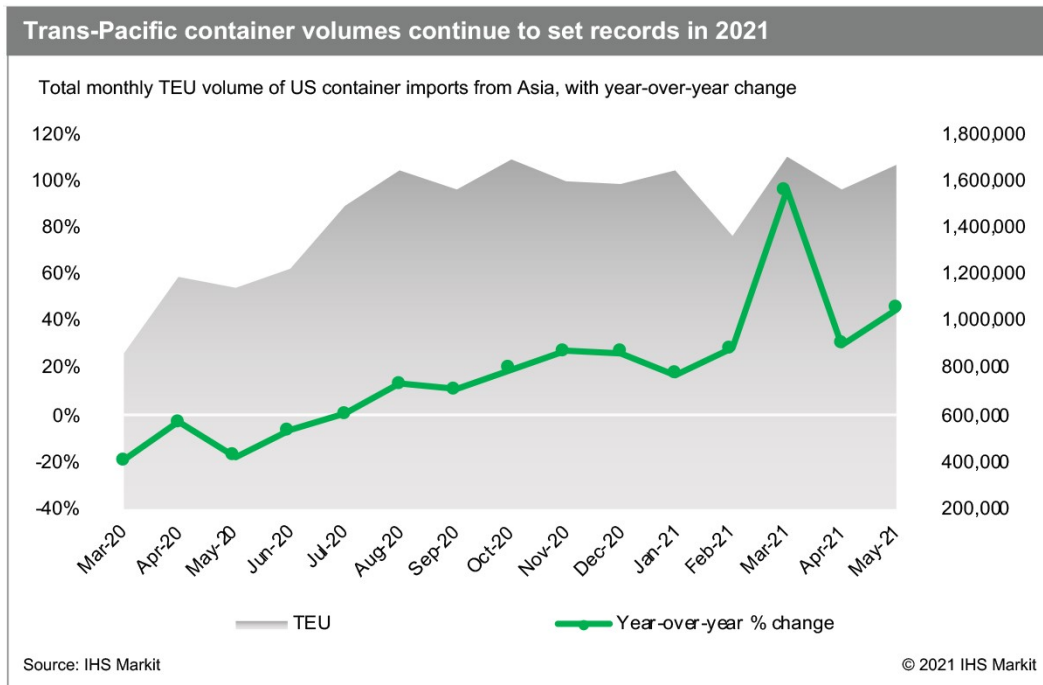
June 23rd, 2021

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Section I. State of the Trade


Although Yantian International Container Terminals (YICT) has reached 70% productivity levels in the past week as it slowly regains its footing after Covid infections slowed port operations to a crawl, some 60,000 TEU (and counting) of laden container shipments remain backlogged in the terminal awaiting loading. Import operations have returned to full capacity, meaning that sorely-needed empty containers are being discharged at the terminal once again, and the number of vessels waiting for a berth outside the port has stabilized, but only due to the significant number of services and operators who have skipped Yantian port calls in June. When the terminal resumes full operation – estimated early July – the market will have to dig out from what will be the largest backlog in Asia just as exports heat up even more with Halloween and Christmas-season programs already underway. Spot rates are heating up also – particularly in the secondary (co-load) markets. Carriers have continued to layer on FAK rate increases in June, with IPI and Gulf port rates increasing by 450% per FEU rate level and premium surcharges continuing to range from 45% to 195% increase per FEU.

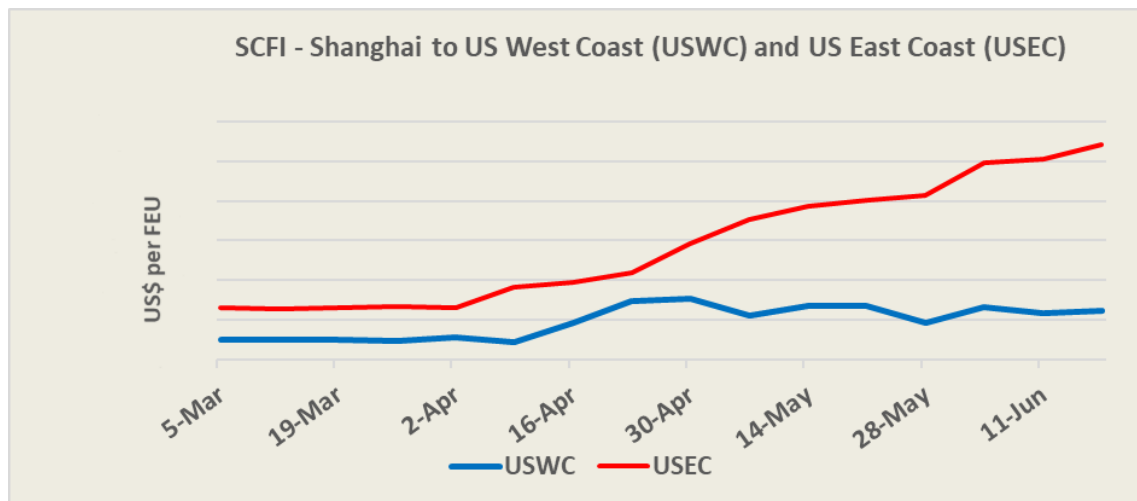


Section II. Forward Load Factors and Rate Trends (June 22nd – July 6th)

Asia-to-Pacific Southwest (PSW)
 Average Vessel Utilization: 100%
 Rate Trend next week: 

Asia-to-Pacific Northwest (PNW)
 Average Vessel Utilization: 100%
 Rate Trend next week: 

Asia-to-US East Coast (USEC)
 Average Vessel Utilization: 100%
 Rate Trend next week: 



Market Outlook – (June 23rd – July 7th)

While it is a positive development that Yantian terminal is seeing productivity gains by the day, the prolonged slowdown – just as the holiday peak season starts – means an extended and likely expensive clean-up in the coming weeks and months. Carriers are already stretched to the limit capacity-wise, so there are slim prospects of much (if any) supplemental capacity hitting the South China market in the coming weeks. Instead, carriers are likely to reduce allocations even further, while rates in the secondary markets will likely start to surge as we enter July. Expectations are that while primary base port rates (destinations such as LAX, NYC, etc) will remain relatively stable on July 1st, carriers will most likely increase secondary port and IPI rates further. Nevertheless, with some rates continuing to go up but with even less space available in the market, secondary rates will soar well past current-day levels as shippers look for any opportunity to clear their backlog.

Figure 1. Forward Transpacific FAK Rate Estimate – June 8th 2021

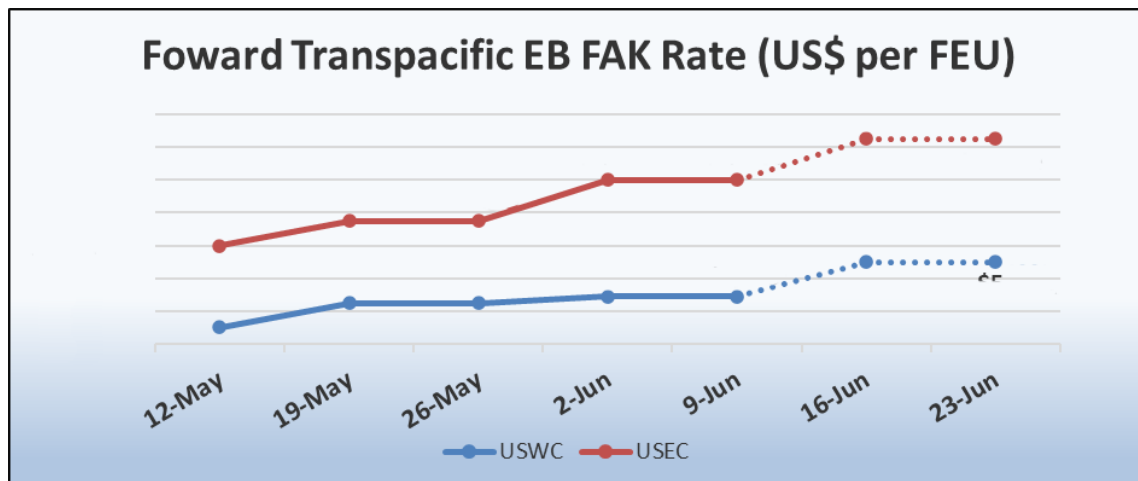


Figure 2. Forward Transpacific FAK Rate Estimate – June 22nd 2021

