



# Transpacific Eastbound Trade Report

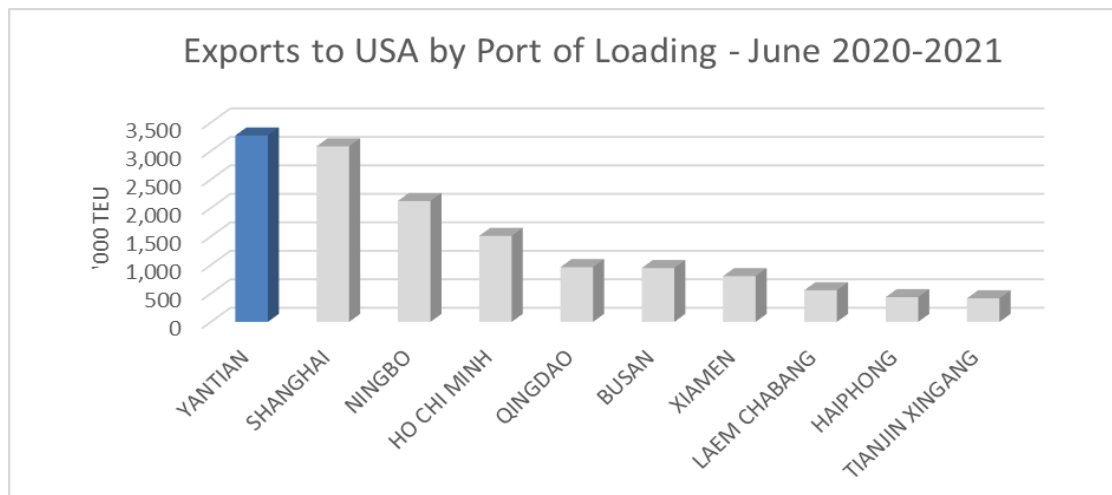
June 9<sup>th</sup>, 2021

## Contents

- I. State of the Trade
- II. Carrier Utilizations
- III. Rate & Trade Outlook

### Section I. State of the Trade

Even before the recent Covid-restrictions imposed on the port of Yantian after several confirmed cases, shippers were facing sharper allocation cuts in June as traditional peak season volumes start building. Given Yantian's top ranking in Transpacific TEU export volume (3.2m TEU per Datamyne) over the last 12 months, the recent restrictions and spate of vessel omissions will likely turn out to be the single most impactful event to occur since the initial Covid-19 outbreak and subsequent lockdown in China in February 2020. At the time of writing, close to 50 ships (all trades) were at anchor awaiting berth – which some carriers concede will take up to two weeks to clear – while 40 transpacific service calls representing some 350,000 TEU capacity were confirmed omitted beginning from late May through early July. The Yantian vessel call omissions comprise 80% of the transpacific services covering the South China port – with all 35 transpacific services calling the South China port either delayed due to congestion, confirmed skipping Yantian on one or more sailings, or planning to within the coming weeks. The downline impact – severe cargo backlog container shortages – will most likely last through the summer peak season and into fourth quarter 2021. On a daily basis, the terminal is accumulating some 25,000 TEU which cannot be loaded to incoming vessels timely. Chronic container shortages in particular will be lasting, as the discharge empty containers will be as limited as the number of ships to berth at Yantian. Transfers of containers from neighboring ports, and ad hoc calls of services to ports such as Nansha will help to a certain extent, but not without additional landside strains (trucking capacity, road and terminal congestion) crimping progress. Carriers, having already increased FAK and Premium rates on June 1<sup>st</sup>, are eyeing yet more increases on June 15<sup>th</sup>, with Premium rates increasing on both east coast and west coast to some secondary ports and IPI's.



## **Section II. Forward Load Factors and Rate Trends (June 8<sup>th</sup> – 22<sup>nd</sup>)**

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: ↑

## **Section III. Current Rate Levels & SCFI**

Market Outlook – (June 9<sup>th</sup> – 23<sup>rd</sup>)

With there being no quick solution to the slowdown in Yantian, rates will likely increase once again on June 15<sup>th</sup>. With services skipping Yantian, there could be improvement in space conditions from ports sharing the same services, but cargo backlog and strength of demand will ensure that any excess capacity will be absorbed rather quickly. We estimate that rates will increase by approximately 6% per FEU on June 15<sup>th</sup>, with premium surcharges continuing to range from 31% to 145% increase per FEU, depending on carrier, service, and corridor. In the secondary / co-load markets, levels of +363% per FEU could become more prevalent in the coming weeks as IPI and east coast carrier premiums reach the levels beyond +272% per FEU. To add injury to the Yantian insult, operational blank sailings will continue, with some 120,000 TEU voided in the coming two weeks, representing between 9% and 12% of total transpacific capacity.

Figure 1. Forward Transpacific FAK Rate Estimate – May 25<sup>th</sup> 2021

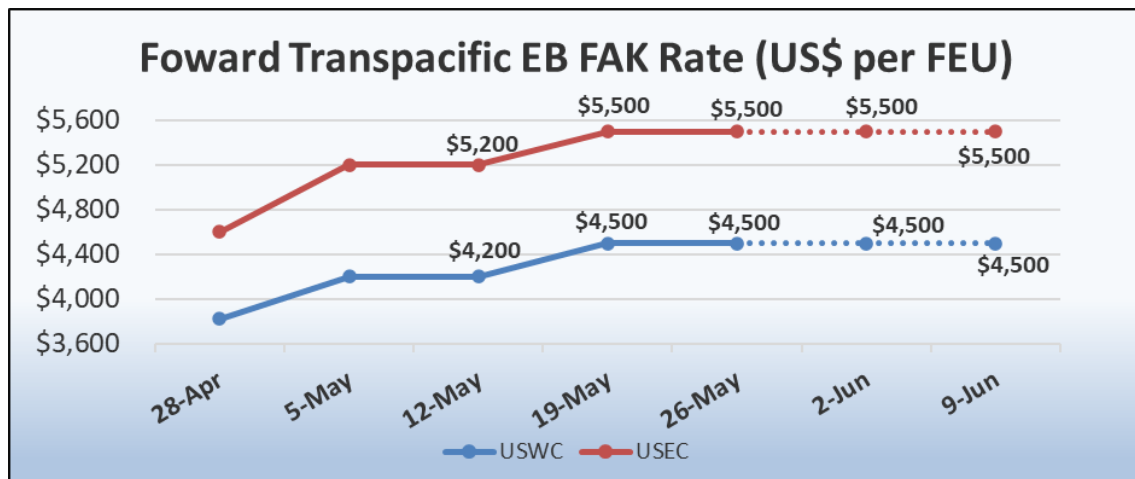


Figure 2. Forward Transpacific FAK Rate Estimate – June 8<sup>th</sup> 2021

