



# TRANSPACIFIC EASTBOUND TRADE

## MARKET SUMMARY & OUTLOOK

JULY 6, 2021

### KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Port of Yantian (YICT) has resumed normal operations, but export delays will continue through July
- Eastbound FAK rates have increased by between 5%-20% per FEU
- Secondary/co-load rates to east coast and IPI destinations have surged past 450% per FEU
- Carriers announcing fewer blank sailings for July, but 50,000 TEU per week is still missing from the trade

### STATE OF THE TRADE – JULY 6, 2021

With the port of Yantian (YICT) back to full operational capacity, and with backlog of ships cleared outside the terminal, normal operations resume but the backlog of some 150,000 TEU in the terminal – with increasing velocity of exports in July – will take some weeks to clear. The situation has pushed premium & secondary/co-load spot rates above the 450% per FEU level to most US East Coast ports and many IPI locations, while premium and co-load rates to west coast ports have moved up above 195% per FEU mark. Carriers took advantage once again to raise FAK rates on July 1<sup>st</sup>, to averages now exceeding 119% per FEU to the US West Coast, and over 115% per FEU to US East Coast ports. Despite some of the earlier bluster about Yantian congestion surcharges, we have seen no such surcharges materializing to this point. Instead, both carriers and secondary market players are continuing to increase base/premium/co-loading rates as the season pushes forward into July and the start of the high-volume Christmas decoration & holiday peak season. Blank sailings are down somewhat in early July – expected to average just under 50,000 TEU per week cancelled, compared to over 80,000 TEU per week cancelled in June. Nevertheless, shippers continue to see strong headwinds particularly from South China as Yantian clears backlog, and Southeast Asia, where Covid-related restrictions and pre-existing port congestion continue to take a bite out of manufacturing and export efficiency, causing delays and backlog of orders.

### CARRIER LOAD-FACTORS AND DEMAND TRACKER – July 6

#### 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)

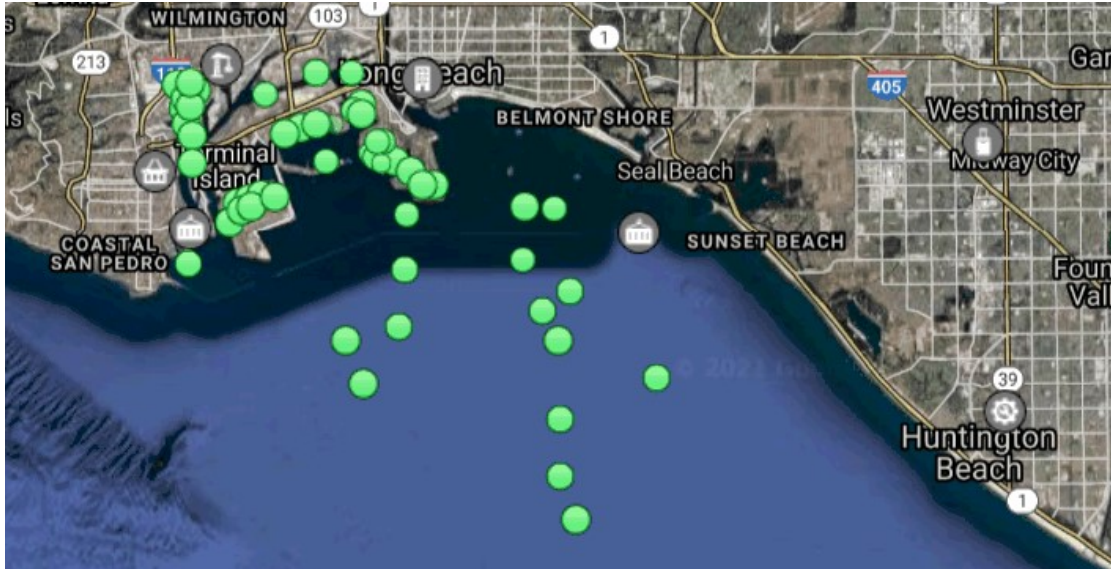
Average Vessel Utilization: 100%

Rate Trend next week: ↑

## VESSELS AT ANCHOR – UPDATE AS OF WEEK 24

- Los Angeles / Long Beach: 14 @ anchor
- Oakland: 16 @ drift; 9 @ anchor (total 25)
- Charleston: 4 @ drift; 3 @ anchor (total 7)
- Savannah: 6 @ drift
- New York / New Jersey: 3 @ anchor

Los Angeles / Long Beach snapshot:



## SHORT-TERM TRANSPACIFIC CAPACITY TRACKER

TP Capacity Adjustment July 6 2021  
Summary by Trades

Trade	Capacity Change	WK 26	WK 27	WK 28	WK 29	WK 30	WK 31	WK 32	WK 33	WK 34
ASIA to PSW	TEU Adjustment	-35391	-16812	-26725	-30984	-26594	-13492	-21704	0	0
	Total Sailings Cancelled	-4	-2	-3	-3	-2	-1	-2	0	0
	% of Total Capacity Adjusted	-13%	-6%	-10%	-12%	-10%	-5%	-8%	0%	0%

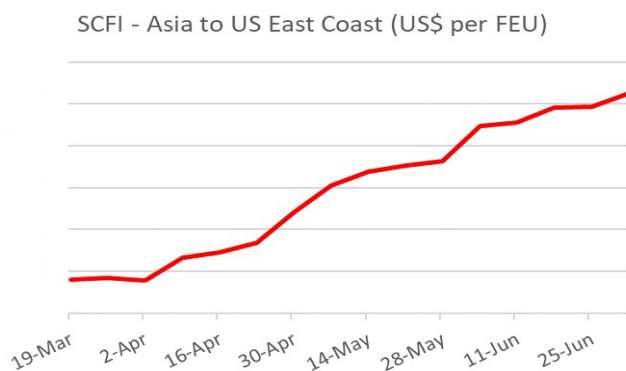
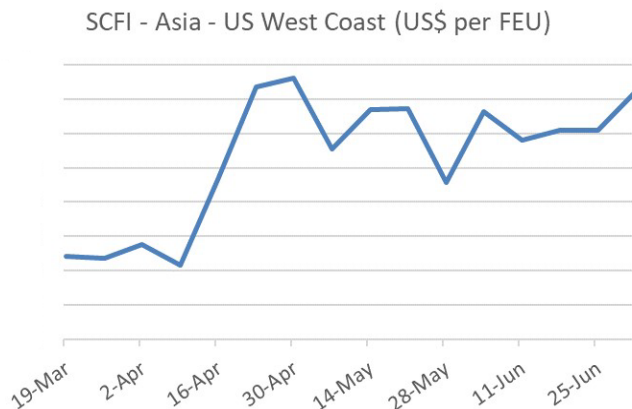
Trade	Capacity Change	WK 26	WK 27	WK 28	WK 29	WK 30	WK 31	WK 32	WK 33	WK 34
ASIA to PNW	TEU Adjustment	-18272	-5700	-4300	-8968	0	0	0	0	0
	Total Sailings Cancelled	-1	-1	-4300	0	0	0	0	0	0
	% of Total Capacity Adjusted	-15%	-5%	-4%	-7%	0%	0%	0%	0%	0%

Trade	Capacity Change	WK 26	WK 27	WK 28	WK 29	WK 30	WK 31	WK 32	WK 33	WK 34
ASIA to USEC / USGC	TEU Adjustment	-6724	-32515	0	-10000	0	0	-11108	0	-8450
	Total Sailings Cancelled	-1	-3	0	-1	0	0	-1	0	-1
	% of Total Capacity Adjusted	-3%	-17%	0%	-5%	0%	0%	-6%	0%	-4%

TOTAL ALL USA	Capacity Change	WK 26	WK 27	WK 28	WK 29	WK 30	WK 31	WK 32	WK 33	WK 34
	TEU Adjustment	-60387	-55027	-31025	-49952	-26594	-13492	-32812	0	-8450
	Total Sailings Cancelled	-6	-6	-4303	-4	-2	-1	-3	0	-1
	% of Total Capacity Adjusted	-10%	-9%	-5%	-9%	-5%	-2%	-6%	0%	-1%

## MARKET RATES / INDEX UPDATE

Current Average FAK Rates (not incl Premium Surcharges) as of July 6



## MARKET OUTLOOK & FORECAST – JULY 7-21

***We expect carriers to increase FAK and premium rate levels once again on July 15<sup>th</sup>***, but once again mainly to secondary ports and IPI locations while larger gateway ports see modest increases. Unfortunately, there ***is no information yet on extra loaders in the more stressed markets like South China***, and space and empty container availability will continue to be stretched through the middle of the month, if not longer. The emergence of a number of small port-to-port services from mid-July – comprising vessels with respective capacities between 1,400 TEU and 4,500 TEU – will provide a small degree of relief but are not expected to shift market dynamics from their current course. A number of carriers – including THE (Hapag-Lloyd, ONE, Yang Ming, HMM) and 2M carriers (Maersk, MSC) – are reducing the frequency of Oakland direct calls in order to combat congestion on the west coast and maintain schedule integrity. At the time of publishing, total backlog of ships awaiting berth is highest in Oakland, as the number of ships at anchor in LA/LB stabilizes, and east coast ports – particularly Savannah - see minor congestion developing. A number of carriers are introducing congestion surcharges per container for IPI-bound cargoes effective August 1<sup>st</sup>, particularly for cargo which is handled on through-bills of lading.

**FORWARD FAK RATE PROJECTION – July 6, 2021**

