



TRANSPACIFIC EASTBOUND TRADE

MARKET SUMMARY & OUTLOOK

AUGUST 13, 2021

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Port congestion continues to worsen but no new announced blank sailings for remainder of August
- CY and IPI FAK rates continue to edge upward in early August but premiums remain mostly unchanged
- Carriers make more space for BCO's and off-contract deals as space within premium and co-load segments tightens further



STATE OF THE TRADE – AUGUST 13, 2021

Trade conditions in early August continue to deteriorate as carriers start re-allocating space to BCO's with stronger peak season volume output. The market-wide reduction of space under premium booking classifications as well as the wholesale/co-load market indicates that carriers are refocusing more space toward large BCO's – whether under annual contract rates or spot-agreements – the latter which has become more common as the summer progresses. But while premium space reductions are felt around the region, co-load rates continue to climb as local forwarders price-up the few slots that are available. FAK rates have inched upward in early August but remained similar to late July levels, following a recent trend of modest rate increases (3% per FEU average) followed by larger increases (5% per FEU average). Factory output has been further pinched by Covid-related lockdowns in Vietnam – where terminals are facing unsustainable yard density - while China itself grapples with sporadic outbreaks of the Delta variant, disrupting supply chains in what is thus far limited to only a handful of cities including Nanjing. Although today's capacity tracker (please see page 3) reflects only limited blank sailing activity in the coming weeks, the delays stemming from the deteriorating Covid situation in Asia, not to mention worsening congestion at US ports (page 2) may ultimately mean a return to large-scale operational blank sailings before long. The few extra loaders that are deployed are of undersized capacity (1,600-4,000 TEU at most), present only modest capacity relief to focused markets.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – AUGUST 13



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:  

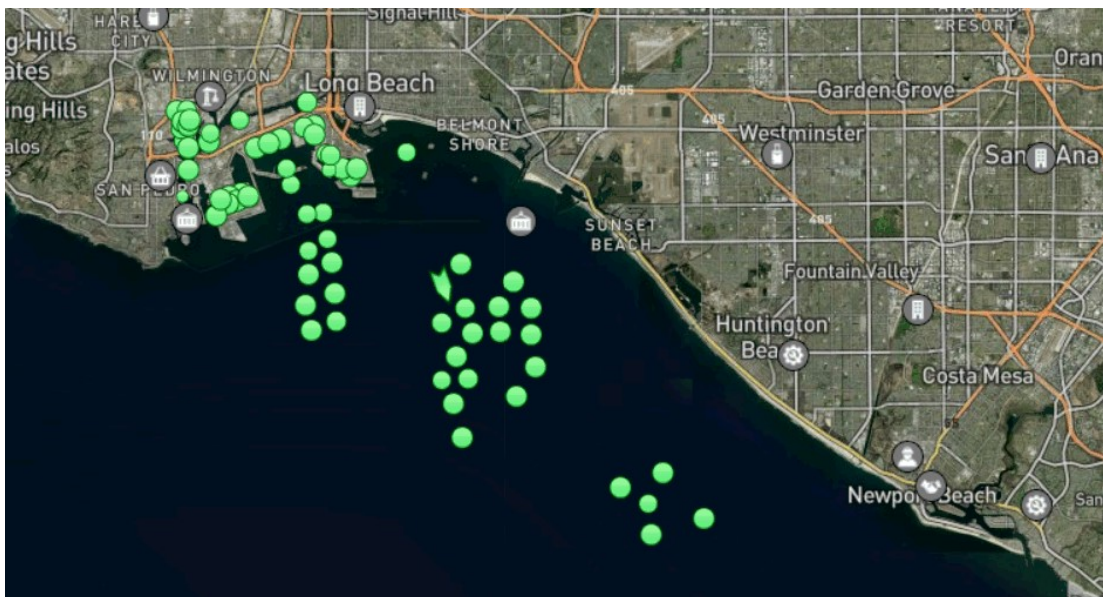
VESSELS AT ANCHOR – UPDATE AS OF WEEK 31

- Los Angeles / Long Beach: 31 vessels @ anchor
- Oakland: 7 vessels @ drift; 18 @anchor (total 25)
- Seattle / Tacoma: 8 vessels @ anchor
- Charleston: 4 vessels @ anchor
- Savannah: 17 vessels @ anchor
- New York / New Jersey: 4 vessels @ anchor

VESSELS AT ANCHOR – 2-WEEK TREND BY PORT

Los Angeles / Long Beach	↑
Oakland	↓
Seattle / Tacoma	↑
Charleston	↓
Savannah	↑
New York	↑

Los Angeles / Long Beach snapshot:



SHORT-TERM TRANSPACIFIC CAPACITY TRACKER

** Weeks with "0" or positive numbers indicate deployment of extra loaders which may offset blank sailings

TP Capacity Adjustment Updated 9 Aug
Summary by Trades

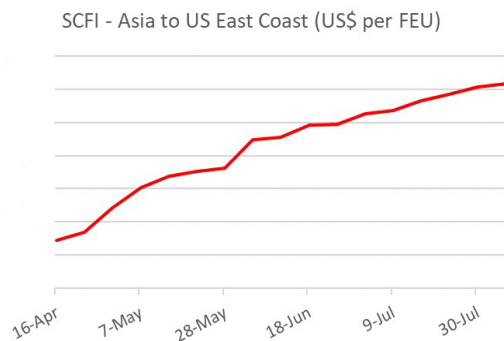
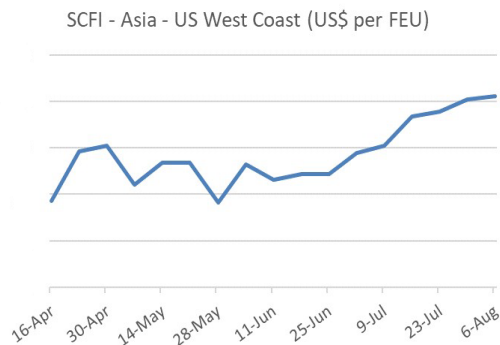
Trade	Capacity Change	WK 31	WK 32	WK 33	WK 34	WK 35	WK 36	WK 37	WK 38	WK 39
Asia to PS	TEU Adjustment	-46798	-67101	2454	-10077	-9012	0	0	0	0
	Net Sailings Blanked	-4	-6	1	-1	-1	0	0	0	0
% of Total Capacity Adjustment		-17%	-25%	1%	-4%	-3%	0%	0%	0%	0%

Trade	Capacity Change	WK 31	WK 32	WK 33	WK 34	WK 35	WK 36	WK 37	WK 38	WK 39
Asia to PN	TEU Adjustment	0	-31021	-15369	-21326	-6600	-6600	0	0	0
	Net Sailings Blanked	0	-3	-1	-2	-1	-1	0	0	0
% of Total Capacity Adjustment		0%	-25%	-13%	-17%	-5%	-5%	0%	0%	0%

Trade	Capacity Change	WK 31	WK 32	WK 33	WK 34	WK 35	WK 36	WK 37	WK 38	WK 39
Asia to AW+GC	TEU Adjustment	-12600	-29329	-121	-8450	-9200	0	0	0	-13800
	Net Sailings Blanked	-1	-3	0	-1	-1	0	0	0	-1
% of Total Capacity Adjustment		-6%	-15%	0%	-4%	-5%	0%	0%	0%	-7%

TOTAL ALL USA	Capacity Change	WK 31	WK 32	WK 33	WK 34	WK 35	WK 36	WK 37	WK 38	WK 39
	TEU Adjustment	-59398	-127451	-13036	-39853	-24812	-6600	0	0	-13800
	Net Sailings Blanked	-5	-12	0	-4	-3	-1	0	0	-1
% of Total Capacity Adjustment		-10%	-22%	-2%	-7%	-4%	-1%	0%	0%	-2%

SCFI RATE INDEX AS OF AUGUST 6th 2020



MARKET OUTLOOK & FORECAST – AUGUST 11 – AUGUST 25

While rates may slightly increase again on August 15th, space conditions will deteriorate further in the month of August. In fact, our expectation is that more blank sailings will be announced for late August and early September as carriers simply will not be able to sustain weekly schedules with the number of vessels delayed at US ports. **US intermodal/rail capacity will continue to be metered as railroads micro-manage volumes to prevent ramp density from getting further out of control.** This will inevitably cause ever higher concentration of volumes into the LA/LB local market, where average inbound full container dwell times are nearly exceeding terminal free time period as it is. **The FMC's renewed interest in carriers' commercial activities in the transpacific may mitigate future rate hikes,** but it cannot control wholesale/co-load prices from continuing to rise as space dwindles. However, all of the above takes a back seat to the potential disruption if Covid-19 outbreaks continue to increase in China.

PROJECTED AVERAGE FAK RATES – AS OF AUGUST 13th 2021

