



# TRANSPACIFIC EASTBOUND TRADE

## MARKET SUMMARY & OUTLOOK

AUGUST 25, 2021

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

- Ningbo's Meishan terminal is slowly re-opening after being closed for a week due to Covid-19 case
- North America port situation worsening, with berth delays now reaching 7-9 days in LA/LB
- Ho Chi Minh City, Vietnam now under 'shelter in place' order as Covid situation deteriorates
- Rates have remained mostly stable in mid-August despite sharp declines in space and empty container availability



### STATE OF THE TRADE – AUGUST 25, 2021

As the Covid delta variant in certain Southeast Asian countries approaches crisis levels, operational conditions in the transpacific continue to deteriorate to the point where bottlenecks will take many months to clear, regardless of whether demand continues at its current trajectory into October. At the time of writing, some 40 vessels remained anchored outside the LA/LB port area, while other key ports such as Savannah and New York are seeing longer vessel berthing delays and higher yard concentration, contributing to longer landside delays. The vast on-dock rail system at the ports of Los Angeles / Long Beach is reported to have some 15,000 import full containers awaiting departure, with that number likely to increase in the coming weeks. Dwell times at major rail ramps such as Chicago are increasing to an average of more than four days, with chassis and truckers in very short supply. In Asia, as Ningbo's Meishan container terminal (MSICT) slowly re-opens following a positive Covid case, Ho Chi Minh City in Vietnam is entering 'shelter-in-place' orders as the number of delta variant infections skyrocket. Over 40% of factories in the south of Vietnam are inoperative, while those which remain open are suffering severe production delays. Most major ports in Asia are also experiencing worsening vessel congestion, with most ships delayed by an average of 3-5 days. However, with the number of ships at anchor at US ports on the rise again, empty container stocks in Asia are dwindling just as shippers enter the most critical stage of the Christmas holiday peak season. With now just a six-week sprint to the China national day holiday, the scale of congestion and container shortages means that most shippers will see significant delays through the holiday shipping season. The number of blank sailings will gradually rise up in the coming weeks after a brief respite in early August. In the last two weeks of the month, an average of over 50,000 TEU per week will be tied-up, with the potential for more capacity impacted in September.

### CARRIER LOAD-FACTORS AND DEMAND TRACKER – AUGUST 25



#### 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:  

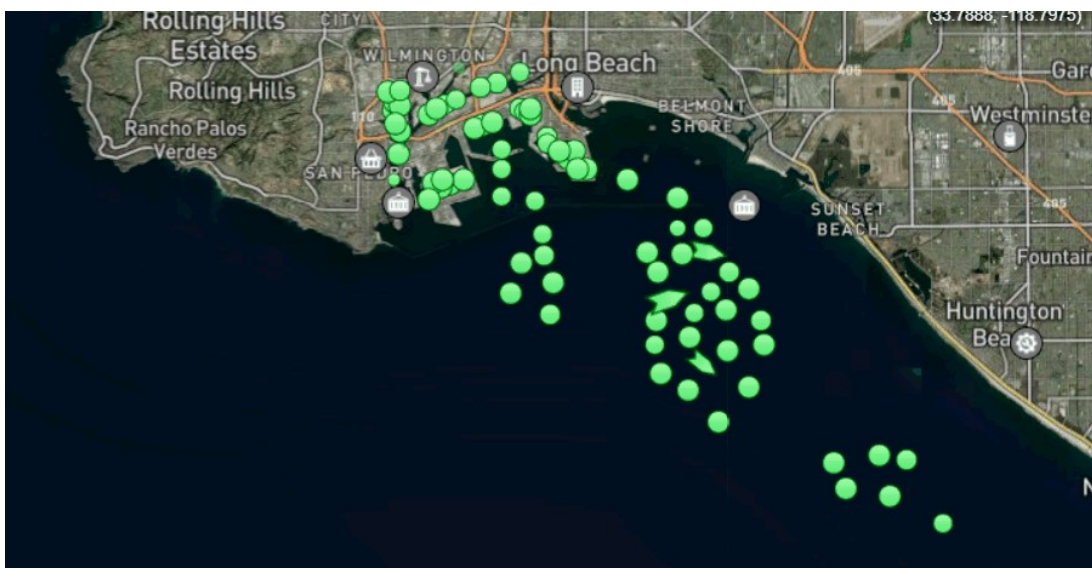
**VESSELS AT ANCHOR – UPDATE AS OF WEEK 34**

- **Los Angeles / Long Beach:** 40 vessels @ anchor
- Oakland: 6 vessels @ drift; 8 @anchor (total 14)
- Seattle / Tacoma: 8 vessels @ anchor
- Charleston: 4 vessels @ anchor
- **Savannah:** 17 vessels @ anchor
- New York / New Jersey: 6 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 13 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	WK 40	WK 41	WK 42	WK 43
Asia to PS	TEU Adjustment	-46798	-73581	17090	-18637	-23064	-25106	-14052	0	0	0	0	0	0
	Total Number	-4	-7	2	-2	-2	-2	-1	0	0	0	0	0	0
% of Total Capacity Adjustment		-17%	-27%	6%	-7%	-9%	-9%	-5%	0%	0%	0%	0%	0%	0%

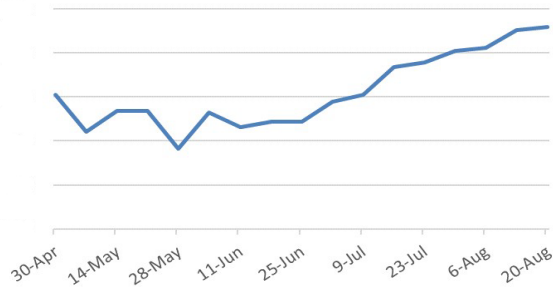
Trade	Capacity Change	WK 31	WK 32	WK 33	WK 34	WK 35	WK 36	WK 37	WK 38	WK 39	WK 40	WK 41	WK 42	WK 43
Asia to PN	TEU Adjustment	0	-39621	-17003	-31526	-13400	-16600	0	0	0	0	0	0	0
	Total Number	0	-4	-2	-3	-1	-1	0	0	0	0	0	0	0
% of Total Capacity Adjustment		0%	-32%	-14%	-26%	-11%	-14%	0%	0%	0%	0%	0%	0%	0%

Trade	Capacity Change	WK 31	WK 32	WK 33	WK 34	WK 35	WK 36	WK 37	WK 38	WK 39	WK 40	WK 41	WK 42	WK 43
Asia to AW+GC	TEU Adjustment	-12600	-29329	-121	-8450	-9200	0	-8189	-8450	-13800	-8500	0	0	0
	Total Number	-1	-3	0	-1	-1	0	-1	-1	-1	-1	0	0	0
% of Total Capacity Adjustment		-6%	-15%	0%	-4%	-5%	0%	-4%	-4%	-7%	-4%	0%	0%	0%

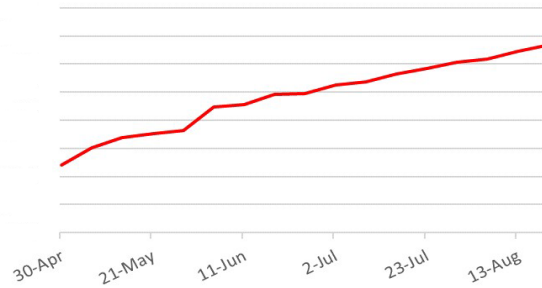
TOTAL ALL USA	Capacity Change	WK 31	WK 32	WK 33	WK 34	WK 35	WK 36	WK 37	WK 38	WK 39	WK 40	WK 41	WK 42	WK 43
	TEU Adjustment	-59398	-142531	-34	-58613	-45664	-41706	-22241	-8450	-13800	-8500	0	0	0
	Total Number	-5	-14	0	-6	-4	-3	-2	-1	-1	-1	0	0	0
% of Total Capacity Adjustment		-10%	-24%	0%	-10%	-8%	-7%	-4%	-1%	-2%	-1%	0%	0%	0%

## SCFI RATE INDEX AS OF AUGUST 25

SCFI - Asia - US West Coast (US\$ per FEU)



SCFI - Asia to US East Coast (US\$ per FEU)



## MARKET OUTLOOK & FORECAST – AUGUST 25 – SEPTEMBER 8

**As delays continue on both sides of the Pacific, empty container shortages will worsen going into September.** Although limited extra loader activity has – and will continue to - help to add more capacity in Asia, the continued accumulation of vessels at US ports will result in **sudden and likely dramatic voids in capacity** – most likely taking place toward the end of September and well into October. **Premium rates will remain firm with slight increases over the next two weeks**, while wholesale/co-load market rates will re-activate after a brief hiatus during August. It is expected that the backlog of ships in the LA/LB port area will reach 50 ships by the end of August, which will set the stage for some difficult decisions to be made by carriers in order to relieve congestion and recover schedules over the short- and medium-term. We also cannot rule-out more Covid-related disruption at ports – particularly in Asia – as conditions worsen and many countries struggle with containment.

## PROJECTED AVERAGE FAK RATES – AS OF AUGUST 25

