



TRANSPACIFIC EASTBOUND TRADE

MARKET SUMMARY & OUTLOOK

SEPTEMBER 14, 2021

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: US port congestion worsens / typhoons disrupt operations in Asia / South China space opening
- Demand: South / Central China and northern Vietnam volumes surge amidst ship & container shortages
- Covid-19: Some SE Asia locations remain on lockdown; China trucking precautions affecting flow from inland

STATE OF THE TRADE – SEPTEMBER 14, 2021

With the traditional holiday export surge in full swing for exporters in Asia, the industry is faced with the same recurring headwinds as the month progresses and with the China National Day holiday approaching – the unofficial finish line of the Christmas peak export sprint. While areas of in China continue to impose various transportation restrictions due to isolated Covid-19 outbreak clusters, a series of typhoons has disrupted port operations – from as far south as Vietnam and Philippines to as far north as Japan. This week, another typhoon is causing suspended operations in ports such as Ningbo and Shanghai, further delaying ship schedules. On the other side of the Pacific, congestion at ports such as Los Angeles / Long Beach and Savannah is worsening, with more ships at anchor now than at any time during the Covid period. Such congestion is costing neighbor-ports business, as more loops skip their Oakland calls in a desperate attempt to recover lost schedule days after departing from LA/LB. Such a strategy appears to be working, as the number of anchored vessels outside Oakland has been reduced, opening the door for a return of regular and ad hoc service resumption. However, if anything the Oakland experiment proves that the only way to truly resolve port congestion is to reduce the number of ships calling – a reality that LA/LB and Savannah will soon have to reckon with. In Southeast Asia, several economies including Malaysia, Indonesia, and the south of Vietnam remain in various levels of Covid-lockdown, with many factories falling farther behind schedule to evacuate product. About the only bit of positive news over the past two weeks has been that market rates have generally stabilized, with only very slight increases on FAK and some premium levels on September 1st, which are likely to hold for the duration of September without any mid-month increase. Wholesale / co-load market rates have mostly stabilized as well, but there remains the occasional spot-increase in the wholesale market, depending on the specific trade lane and destination. New service debuts in September and the continuation of extra loaders is opening space more in South China particularly, where the second half of September looks more positive.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – SEPTEMBER 14

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 37

- Los Angeles / Long Beach: 52 vessels @ anchor; 11 vessels drift
- Oakland: 9 @ anchor; 2 vessels drift
- Seattle / Tacoma: 11 vessels @ anchor
- Charleston: 4 vessels @ anchor
- Savannah: 32 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 3 Sep
Summary by Trades

Trade	Capacity Change	WK 35	WK 36	WK 37	WK 38	WK 39	WK 40	WK 41	WK 42	WK 43
Asia to PS	TEU Adjustment	-23064	-58376	-14052	-22114	-28986	-37118	0	0	0
	Total Number	-2	-5	-1	-2	-2	-3	0	0	0
% of Total Capacity Adjustment		-8%	-21%	-5%	-8%	-10%	-13%	0%	0%	0%

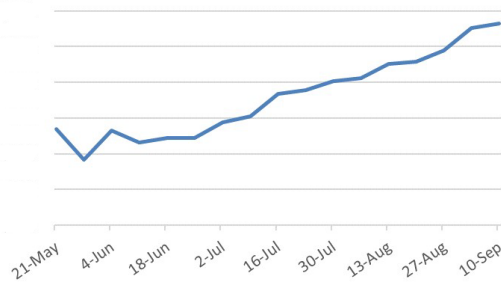
Trade	Capacity Change	WK 35	WK 36	WK 37	WK 38	WK 39	WK 40	WK 41	WK 42	WK 43
Asia to PN	TEU Adjustment	-13400	-16600	4250	-7024	0	0	0	0	0
	Total Number	-1	-1	0	-1	0	0	0	0	0
% of Total Capacity Adjustment		-11%	-13%	3%	-6%	0%	0%	0%	0%	0%

Trade	Capacity Change	WK 35	WK 36	WK 37	WK 38	WK 39	WK 40	WK 41	WK 42	WK 43
Asia to AW+GC	TEU Adjustment	-9200	0	-9362	-8450	-44239	-14916	-5928	0	0
	Total Number	-1	0	0	-1	-4	-2	-1	0	0
% of Total Capacity Adjustment		-5%	0%	-5%	-4%	-22%	-8%	-3%	0%	0%

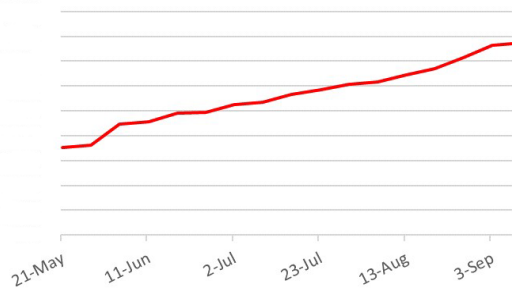
TOTAL ALL USA	Capacity Change	WK 35	WK 36	WK 37	WK 38	WK 39	WK 40	WK 41	WK 42	WK 43
	TEU Adjustment	-45664	-74976	-19164	-37588	-73225	-52034	-5928	0	0
	Total Number	-4	-6	-1	-4	-6	-5	-1	0	0
% of Total Capacity Adjustment		-8%	-12%	-3%	-6%	-12%	-9%	-1%	0%	0%

SCFI RATE INDEX AS OF SEPTEMBER 10

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



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



MARKET OUTLOOK & FORECAST – SEPTEMBER 14 - 28

While there are **indications that space issues in South China are finally easing somewhat** going into late September, in part thanks to ad hoc capacity injections and a few new services making their debut in September, familiar headwinds of vessel delays and container shortages continue to be mitigating factors. **Rates should remain stable through the month of September**, but we cannot rule out further increases in October as carriers aim to increase volume of blank sailings coinciding with the holiday in China. Increasing number of vessels anchored outside of major US ports continues to be a concern, and while net trade capacity is growing again in September, port inefficiency will also mitigate the positive effects that more container slots bring to the market. Demand is expected to continue through the China holiday on October 1st, setting up the potential for recurrence of tight space conditions post-holiday.

PROJECTED AVERAGE FAK RATES – AS OF SEPTEMBER 14

