
TRANSPACIFIC EASTBOUND TRADE

MARKET SUMMARY & OUTLOOK

OCTOBER 27, 2021

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: Port congestion dominates headlines while operational blanks increase behind the scenes
- Demand: November outlook slightly stronger than October, but rates mostly stable
- Covid-19: Southern Vietnam factory productivity up to 50% as workers slowly return


STATE OF THE TRADE – OCTOBER 27, 2021

Amidst the US media blitz on port congestion at the LA/LB port complex, carriers have been quietly executing a wave of blank sailings during October, with nearly half-a-million TEU of capacity (or roughly 25% of total Transpacific capacity) blanked during this month. Fortunately, much slower demand in October – a consequence of both seasonal slack and China’s ongoing power-rationing – enabled shippers to avoid the space-crunches and rate surges that normally accompany a wave of blank sailings such as this. The question is whether the conditions in LA/LB – where now over 80 vessels are idle waiting for berth space – will cause an even bigger wave of operational blank sailings in the weeks to come as too many vessels cluster on the US West Coast. Rates have stabilized for the most part – with top-end market rates (premium and co-load) edging downward in recent weeks, but in general FAK rate levels and most premium-level rates have remained unchanged. Space to IPI locations has opened somewhat as carriers seek to re-balance IPI volumes against west coast local. Several carriers have temporarily skipped Savannah calls on transatlantic and Subcontinent-east coast loops, but transpacific services to this point remain unaffected. That being said, the number of vessels awaiting berth in Savannah has increased throughout October (next page), and more skipped calls can be expected if the situation further deteriorates. The Port of Long Beach’s test run of a 24/7 operation has not gone as well as hoped, as the terminals allege only moderate demand for night pick-up of full containers. Average dwell times have swelled to over 6 days in the terminal, 9 days for street-dwell, and 14 days rail-dwell. The average transit time to LAX/LGB, when factoring-in delays, is now up to some 36 days, nearly 2.5x longer than original proforma transit times.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – OCTOBER 27


Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 95-100%

Rate Trend next week: 


Asia-to-Pacific Northwest (PNW)

Average Vessel Utilization: 95-100%

Rate Trend next week: 

Asia-to-US East Coast (USEC)

Average Vessel Utilization: 95-100%

Rate Trend next week: 

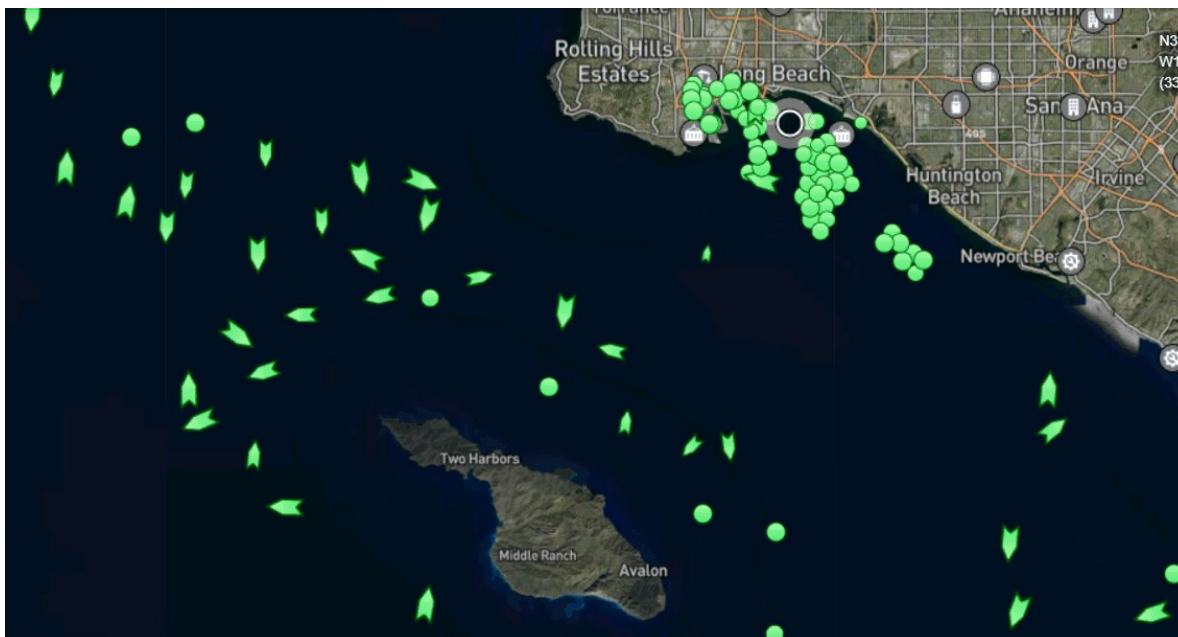
VESSELS AT ANCHOR – UPDATE AS OF WEEK 43

- Los Angeles / Long Beach: 48 @ anchor; 35 vessels drift
- Oakland: 11 @ anchor
- Seattle / Tacoma: 12 vessels @ anchor
- Charleston: 0 vessels @ anchor
- Savannah: 31 vessels @ anchor
- New York / New Jersey: 1 vessel @ 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 25 Oct
Summary by Trades

Trade	Capacity Change	WK 40	WK 41	WK 42	WK 43	WK 44	WK 45	WK 46	WK 47	WK 48	WK 49	WK 50	WK 51	WK 52
Asia to PS	TEU Adjustment	-55546	-46379	-68468	-58942	-90717	-68854	-15494	0	-26204	-18845	-28300	0	0
	Total Number	-6	-5	-8	-8	-9	-7	-2	0	-2	-3	-2	0	0
% of Total Capacity Adjustment		-19%	-16%	-24%	-20%	-31%	-24%	-5%	0%	-9%	-7%	-10%	0%	0%

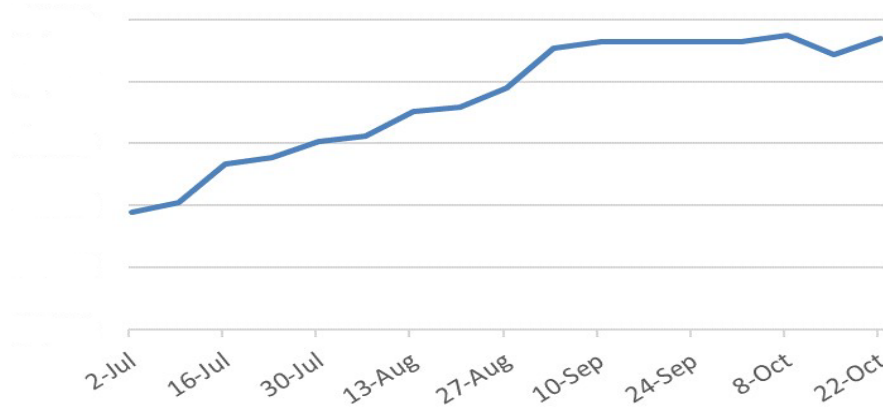
Trade	Capacity Change	WK 40	WK 41	WK 42	WK 43	WK 44	WK 45	WK 46	WK 47	WK 48	WK 49	WK 50	WK 51	WK 52
Asia to PN	TEU Adjustment	-16350	-25366	-8400	-10200	-12726	-14399	-8440	-8440	-7455	-7455	0	0	0
	Total Number	-2	-1	0	-1	-1	-1	0	0	0	0	0	0	0
% of Total Capacity Adjustment		-14%	-22%	-7%	-9%	-11%	-12%	-7%	-7%	-6%	-6%	0%	0%	0%

Trade	Capacity Change	WK 40	WK 41	WK 42	WK 43	WK 44	WK 45	WK 46	WK 47	WK 48	WK 49	WK 50	WK 51	WK 52
Asia to AW+GC	TEU Adjustment	-28746	-46048	-27054	-25594	-23314	-15137	-33167	-21049	0	0	-8189	0	0
	Total Number	-3	-5	-2	-2	-2	-2	-3	-2	0	0	-1	0	0
% of Total Capacity Adjustment		-15%	-24%	-14%	-13%	-12%	-8%	-17%	-11%	0%	0%	-4%	0%	0%

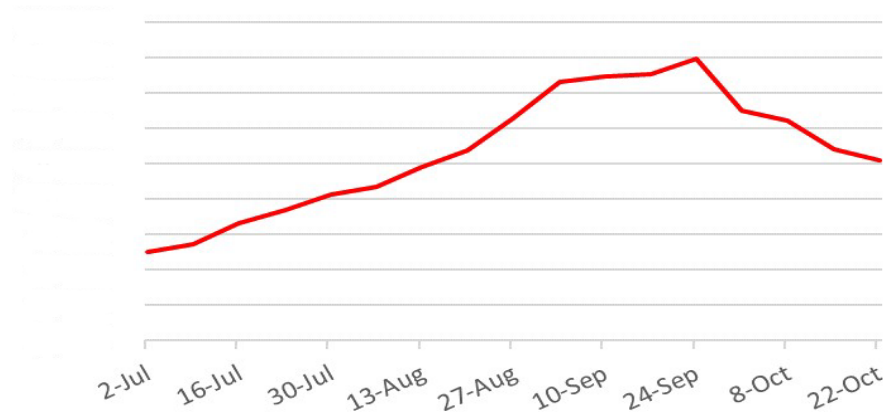
TOTAL ALL USA	Capacity Change	WK 40	WK 41	WK 42	WK 43	WK 44	WK 45	WK 46	WK 47	WK 48	WK 49	WK 50	WK 51	WK 52
	TEU Adjustment	-100642	-117793	-103922	-94736	-126757	-98390	-57101	-29489	-33659	-26300	-36489	0	0
	Total Number	-11	-11	-10	-11	-12	-10	-5	-2	-2	-3	-3	0	0
% of Total Capacity Adjustment		-17%	-20%	-17%	-16%	-21%	-16%	-10%	-5%	-6%	-4%	-6%	0%	0%

SCFI RATE INDEX AS OF OCTOBER 27

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



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



MARKET OUTLOOK & FORECAST – OCTOBER 27 – NOVEMBER 9

Demand should slowly recover during late October / early November, but mitigating factors such as blank sailings, container shortages in Asia, and possible continuation of power cutbacks in China will keep rates from dropping in early November. **Operational blank sailings will continue at or near October's pace**, during which 7-8 services to the US West Coast and 2-3 services to the US East Coast, respectively, were cancelled. Given the number of idle vessels on both coasts is increasing by the week, blank sailings per week may exceed a full 25% of capacity deployed. As space tightens due to recovering demand and reduced capacity, chances are higher for modest mid-November increases to the west coast, but **overall we do not expect rates to spike again in the coming weeks**. On the other hand, **space under lower rate classifications might again be limited if demand recovers faster than expected**. To the US Gulf, space is still extremely tight with no change in the higher-end premium rate levels.

PROJECTED AVERAGE FAK RATES – AS OF OCTOBER 27

