
TRANSPACIFIC EASTBOUND TRADE

MARKET SUMMARY & OUTLOOK

NOVEMBER 18th 2021

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: Blank sailings edge up in November as congestion dislocates hundreds of ships
- Demand: China output affected by power-rationing but Northeast & Southeast Asia exports remain strong
- Covid-19: 19 provinces in China report increase in cases, but limited impact to production and exports


STATE OF THE TRADE – NOVEMBER 18, 2021

Despite some media reports of weakening transpacific trade dynamics and “falling” rates, the overall state of the trade – though somewhat weaker than its August and September peak – remains firm and the perception of rate reductions are merely shippers seeing more access to non-premium rate tiers such as FAK. While this might create the illusion of a weakening trade, ever-worsening congestion at US ports and the resulting operational blank sailings – which are now routinely removing 20-25% of market capacity each week – is offsetting the lower volume output, particularly from China, since early October. As a result of a compromised capacity situation, ship capacity and container availability in outport locations such as Southeast Asia and the Subcontinent are severely short, and as a result, co-load rates and premium-booking activation remain at higher levels than the rest of Asia. The slightly weaker conditions in some origins are more the result of external forces – such as ongoing power-rationing in China and mitigated factory output in southern Vietnam – than a slowdown in real demand. Although the number of ships outside the ports of LA/LB continues to grow, other key ports such as Savannah are not seeing much, if any, increase compared with weeks’ past. Nevertheless, the number of blank sailings is on the rise, with between 125,000 and 150,000 TEU absent from the trade each week in November, and is expected to remain so for the short- to medium-term. Rate indices such as the SCFI, Drewry, and Freightos did show some softening of average freight rates during late October and early November, but these indices – particularly the SCFI – are again on the rise.

CARRIER LOAD - FACTORS AND DEMAND TRACKER – NOVEMBER 18


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: 

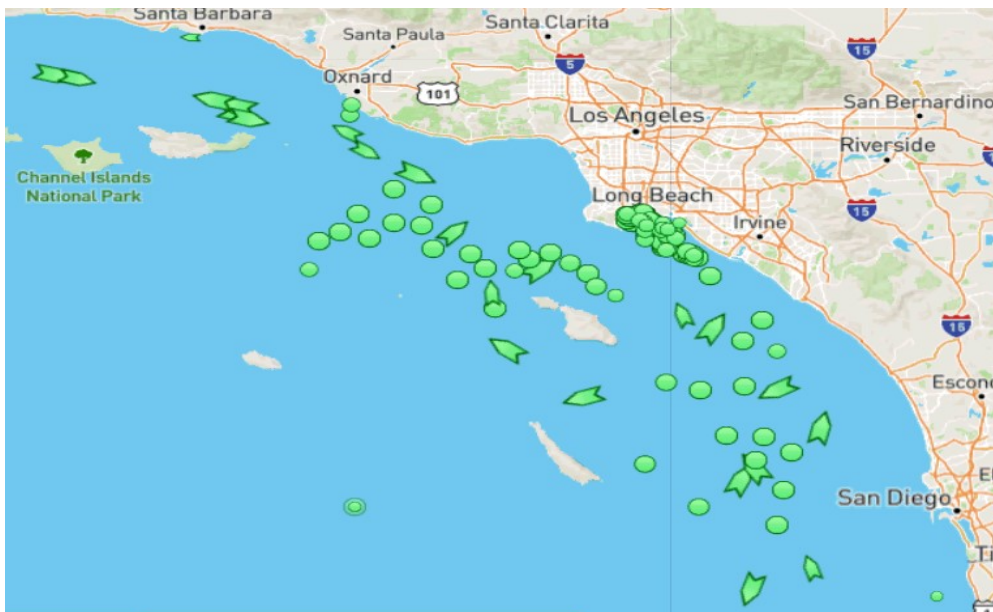
VESSELS AT ANCHOR – UPDATE AS OF WEEK 46

- Los Angeles / Long Beach: 83 @ anchor, 13 @ drift
- Oakland: 9 @ anchor
- Seattle / Tacoma: 7 vessels @ anchor
- Charleston: 2 vessels @ anchor, 3 @ drift
- Savannah: 23 vessels @ anchor, 3 @ drift
- New York / New Jersey: 1 vessel @ anchor
- Houston: 8 vessels @ anchor, 4 @ drift

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 16 Nov
Summary by Trades

Trade	Capacity Change	WK 44	WK 45	WK 46	WK 47	WK 48	WK 49	WK 50	WK 51	WK 52	WK 1	WK 2	WK 3	WK 4
Asia to PS	TEU Adjustment	-98801	-90359	-71510	-63982	-65992	-41227	-61330	-37163	-56582	-4480	-31796	-1345	0
	Total Number	-10	-11	-10	-9	-8	-8	-6	-5	-6	-1	-3	-1	0
% of Total Capacity Adjustment		-34%	-31%	-24%	-22%	-22%	-14%	-21%	-13%	-19%	-2%	-11%	0%	0%

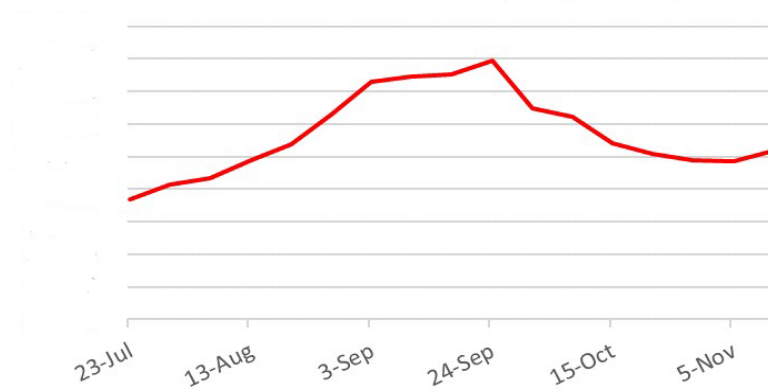
Trade	Capacity Change	WK 44	WK 45	WK 46	WK 47	WK 48	WK 49	WK 50	WK 51	WK 52	WK 1	WK 2	WK 3	WK 4
Asia to PN	TEU Adjustment	-20186	-23599	-35980	-12521	-14915	-13743	0	0	0	0	0	0	0
	Total Number	-2	-2	-3	-2	-1	-2	0	0	0	0	0	0	0
% of Total Capacity Adjustment		-18%	-21%	-32%	-11%	-13%	-12%	0%	0%	0%	0%	0%	0%	0%

Trade	Capacity Change	WK 44	WK 45	WK 46	WK 47	WK 48	WK 49	WK 50	WK 51	WK 52	WK 1	WK 2	WK 3	WK 4
Asia to AW+GC	TEU Adjustment	-30038	-19297	-33167	-21049	-9600	-13492	0	-23600	-13400	0	0	0	0
	Total Number	-3	-3	-3	-2	-1	-1	0	-3	-2	0	0	0	0
% of Total Capacity Adjustment		-15%	-10%	-17%	-11%	-5%	-7%	0%	-12%	-7%	0%	0%	0%	0%

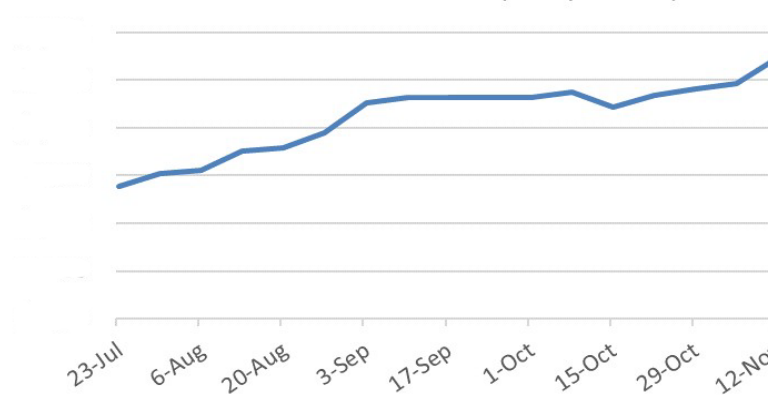
TOTAL ALL USA	Capacity Change	WK 44	WK 45	WK 46	WK 47	WK 48	WK 49	WK 50	WK 51	WK 52	WK 1	WK 2	WK 3	WK 4
	TEU Adjustment	-149025	-133255	-140657	-97552	-90507	-68462	-61330	-60763	-69982	-4480	-31796	-1345	0
	Total Number	-15	-16	-16	-13	-10	-11	-6	-8	-8	-1	-3	-1	0
% of Total Capacity Adjustment		-25%	-22%	-23%	-16%	-15%	-11%	-10%	-10%	-12%	-1%	-5%	0%	0%

SCFI RATE INDEX AS OF NOVEMBER 18

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



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



MARKET OUTLOOK & FORECAST – NOVEMBER 18 - 30

Continuation of blank sailings through the end of the month will keep rates firm despite a continuation of lackluster demand from China ports in the coming weeks. Shipper access to lower rate tiers such as FAK (as opposed to Premium) will continue as well, **but load factors will still be too high to trigger any downward rate adjustments by the carriers.** To the contrary, with capacity at a very delicate stage, any significant jump in export volume from Asia in the coming weeks could trigger more rate increases. As we approach December we expect that the **weekly capacity impact of operational blank sailings will remain in the 20-25% range**, with a number of carriers also adjusting existing rotations to avoid more problematic ports, such as THE Alliance is doing with their 4-week omission of Seattle on the PN3 service. Currently, the number of cancelled sailings to the US West Coast outnumber those to the US East Coast by a factor of more than 3-to-1, a ratio that may grow more in the coming weeks in light of the increasing number of ships at anchor or at drift in Southern California.

PROJECTED AVERAGE FAK RATES – AS OF NOVEMBER 18

