

---

# TRANSPACIFIC EASTBOUND TRADE

## MARKET SUMMARY & OUTLOOK

DECEMBER 15<sup>th</sup> 2021

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

- Supply: Trade cancels over 27% of slot-capacity in December as ship displacement shows no improvement
- Demand: Demand continues its growth in early December; wholesale/co-load space more limited than before
- Covid-19: Threat of new outbreaks & restrictions in China and Vietnam put shippers on edge


### STATE OF THE TRADE – DECEMBER 15, 2021

With operational blank sailings *increasing* (see page 3) as demand continues to climb in the trans-Pacific trade, the chances of severe cargo backlog in Asia by January and early February is now probable from possible just weeks ago. Fresh off the month of November, when 25 percent of the entire month's sailing capacity from Asia was cancelled, the first three weeks of December look like a situation worsening and at the wrong time prior to the lunar new year cargo rush. Over 40 percent of capacity deployed to the Pacific Southwest (LA/LB) in week 48 was cancelled, and mid-to-late December capacity outlook appears dimmer by the week. While the scarcity of carrier space has been well-documented and continues to be a major challenge for shippers, available space in wholesale/co-load markets is reaching its ceiling as well, an indication of the drawn-back capacity caused by global port congestion, and of carriers re-focused on contract cargo more than earlier in the year, when they were spot-focused and allocated more space to spot-cargo. Although general FAK and premium rates have risen only an average of 4% in December, co-load (secondary market) rates have stalled in recent weeks, suggesting a ceiling which is unlikely to move any higher in the month of December and likely January as well. Nervousness about the Omicron variant persists in Asia, and the recent news of small outbreaks in Zhejiang province (where Ningbo port resides) in China have sent shockwaves through the industry with talk of potential port closures. However, it is unlikely that the China government will resort to such measures as it had during past outbreaks, namely earlier this year in the ports of Ningbo and Yantian when terminal operations were closed or limited for days and weeks, respectively. All indications are that the actions by the government to mitigate this latest outbreak in Zhejiang have been swift and decisive, and will hopefully be enough to prevent any further disruption in one of the strongest cargo origins this time of year.

### CARRIER LOAD-FACTORS AND DEMAND TRACKER – DECEMBER 15


#### 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 50**

- Los Angeles / Long Beach: 42 @ anchor, 62 @ drift / waiting
- Oakland: 4 @ anchor, 3 @ drift
- Seattle / Tacoma: 5 @ anchor
- Charleston: 4 @ anchor
- Savannah: 11 @ anchor
- New York / New Jersey: 4 @ anchor
- Houston: 5 @ 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 14 Dec  
**Summary by Trades**

Trade	Capacity Change	WK 48	WK 49	WK 50	WK 51	WK 52
Asia to PS	TEU Adjustment	-119158	-79848	-121078	-62241	-74655
	Total Number	-14	-12	-13	-9	-8
% of Total Capacity Adjustment		-41%	-27%	-41%	-21%	-25%

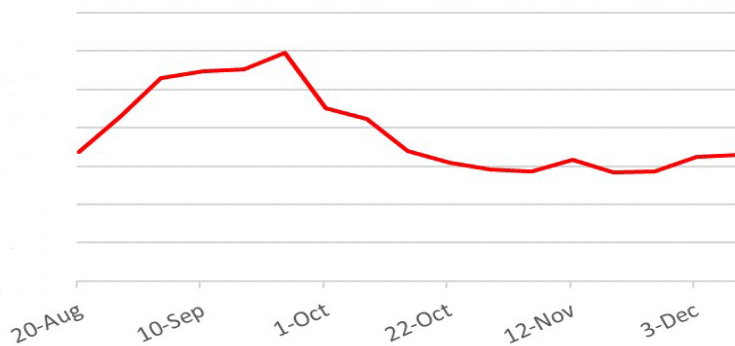
Trade	Capacity Change	WK 48	WK 49	WK 50	WK 51	WK 52
Asia to PN	TEU Adjustment	-35237	-34070	-28401	-17467	-7460
	Total Number	-6	-6	-5	-4	-1
% of Total Capacity Adjustment		-31%	-30%	-25%	-15%	-6%

Trade	Capacity Change	WK 48	WK 49	WK 50	WK 51	WK 52
Asia to AW+GC	TEU Adjustment	-35454	-13492	-20640	-23600	-13400
	Total Number	-3	-1	-2	-3	-2
% of Total Capacity Adjustment		-18%	-7%	-11%	-12%	-7%

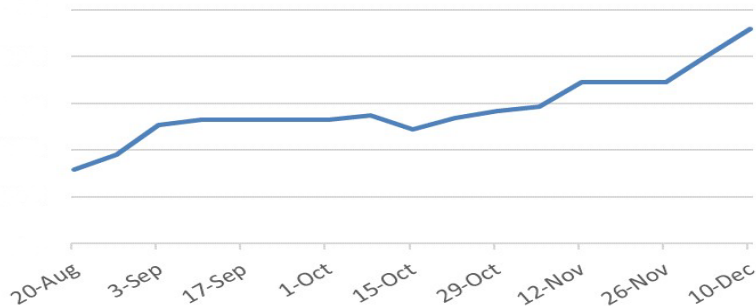
TOTAL ALL USA	Capacity Change	WK 48	WK 49	WK 50	WK 51	WK 52
	TEU Adjustment	-189849	-127410	-170119	-103308	-95515
	Total Number	-23	-19	-20	-16	-11
% of Total Capacity Adjustment		-32%	-21%	-28%	-17%	-16%

## SCFI RATE INDEX AS OF DECEMBER 15

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



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



## MARKET OUTLOOK & FORECAST – DECEMBER 15-28

We can expect that ***the trade will continue to see severe operational blank sailing levels*** from now through at least the end of the month, which will complicate the export rush from Asia. There was some hope that the pre-lunar new year peak season demand would compel carriers to make best efforts to keep capacity consistent, but given recent and future-weeks' blank sailing activity, it appears as though the run up to this season's holiday will see less capacity than last year, and probably comparable to pre-pandemic levels, some 30 percent less than nominal trade capacity. ***FAK and premium rates will remain stable and will most likely continue to rise slightly through the month of December***, but the question is whether co-load rates will break through the ceiling which was re-established in early December. Either way, space will only be more restricted as we inch closer to the end of the calendar year, and the likelihood for a return to significant cargo backlog in Asia gets stronger by the day.

## PROJECTED AVERAGE FAK RATES – AS OF DECEMBER 15

