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# TRANSPACIFIC EASTBOUND TRADE

## MARKET SUMMARY & OUTLOOK

JANUARY 12<sup>th</sup>, 2022

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

- Supply: Net reduction of nominal capacity improved in Jan: -20% in January versus -30% in December
- Demand: Current surge expected through third week of January before tapering; pricing outlook conservative
- Covid-19: Terminal ops in NY/NJ hampered by Omicron outbreaks, as Tianjin confronts a minor outbreak


### STATE OF THE TRADE – JANUARY 12, 2022

Capacity has improved marginally in January, with a deficit of 118,000 TEU (20% of nominal capacity blanked) compared with over 160,000 TEU blanked in December 2021. However, container vessel congestion on both coasts has worsened in the month, with LA/LB port complex topping 100 vessels idling after a brief decline in late December. Total number of ships idling outside all US ports is now at 140. Congestion in the NY/NJ port complex is now growing considerably as the port deals with Omicron outbreaks affecting up to a quarter of the stevedoring workforce. As of January 10<sup>th</sup> more than a dozen vessels were queued outside the port of NY/NJ, with the number expected to grow in the coming week. The sudden surge in congestion is resulting in much longer wait times and accrual of demurrage in many cases, with trucking and landside labor resources also being affected by Omicron outbreaks. Despite an outbreak reported in the Beilun area of Ningbo earlier in the month, traffic conditions have not deteriorated to the extent originally feared, and are improving by the day. However, a new outbreak in the port city of Tianjin - and resulting mass testing and traffic restrictions - might have some impact on cargo movement from that location ahead of the Lunar New Year holiday. Wholesale/co-Load rates continued to climb in early January after steep increases in late December – virtually no destination in the US is priced under the \$20,000 per FEU level on secondary markets – but indications are that rates have reached their peak ahead of the holiday, and carriers are taking a more conservative wait-and-see approach to rate levels for the rest of January and possibly beyond. With a few exceptions (carriers and lanes), average FAK and Premium rates have only increased slightly in early January, and the most likely scenario is that they will remain where they are through the end of January and possibly into early February.

### CARRIER LOAD-FACTORS AND DEMAND TRACKER – JANUARY 12


#### 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 2**

- Los Angeles / Long Beach: 47 @ anchor, 55 @ drift / waiting
- Oakland: 16 @ anchor
- Seattle / Tacoma: 3 @ anchor
- Charleston: 8 @ anchor
- Savannah: 7 @ anchor
- New York / New Jersey: 12 @ anchor
- Houston: 12 @ anchor

**VESSELS AT ANCHOR – 2-WEEK TREND BY PORT**

Los Angeles / Long Beach	↑
Oakland	↑
Seattle / Tacoma	↓
Charleston	↓
Savannah	↓
New York	↑
Houston	↑

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 Jan  
**Summary by Trades**

Trade	Capacity Change	WK 1	WK 2	WK 3	WK 4	WK 5	WK 6	WK 7	WK 8	WK 9	WK 10	WK 11	WK 12	WK 13
Asia to PS	TEU Adjustment	-104114	-86030	-118151	-55120	-70937	-68612	-39674	-10114	-14080	-11294	0	0	0
	Total Number	-11	-8	-12	-6	-9	-8	-5	-1	-1	-1	0	0	0
	% of Total Capacity Adjustment	-35%	-22%	-40%	-18%	-24%	-23%	-13%	-3%	-5%	-4%	0%	0%	0%

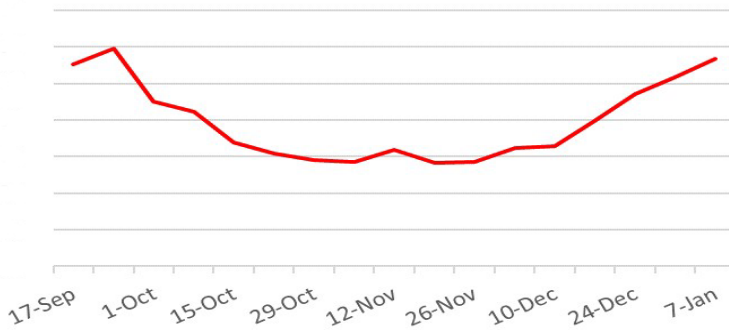
Trade	Capacity Change	WK 1	WK 2	WK 3	WK 4	WK 5	WK 6	WK 7	WK 8	WK 9	WK 10	WK 11	WK 12	WK 13
Asia to PN	TEU Adjustment	-32042	-23042	-20360	-17976	-18775	-2060	-10874	-8814	0	-11294	0	0	0
	Total Number	-5	-4	-3	-2	-3	-1	-2	-1	0	-1	0	0	0
	% of Total Capacity Adjustment	-28%	-20%	-18%	-16%	-16%	-2%	-10%	-8%	0%	-10%	0%	0%	0%

Trade	Capacity Change	WK 1	WK 2	WK 3	WK 4	WK 5	WK 6	WK 7	WK 8	WK 9	WK 10	WK 11	WK 12	WK 13
Asia to AW+GC	TEU Adjustment	-21655	-14001	4253	-4597	-21354	-6640	-10062	0	0	0	0	0	0
	Total Number	-2	0	1	0	-3	-1	-1	0	0	0	0	0	0
	% of Total Capacity Adjustment	-11%	-7%	2%	-2%	-11%	-3%	-5%	0%	0%	0%	0%	0%	0%

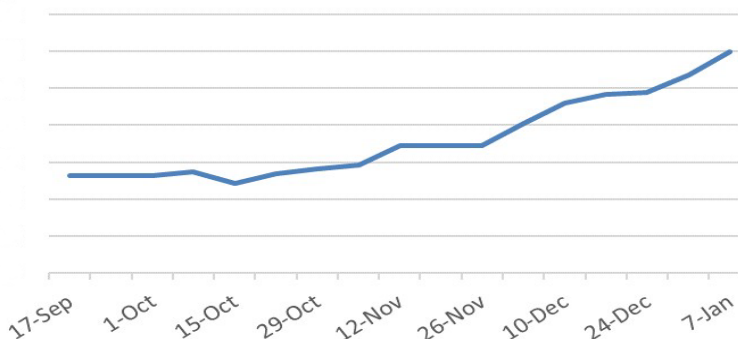
TOTAL ALL USA	Capacity Change	WK 1	WK 2	WK 3	WK 4	WK 5	WK 6	WK 7	WK 8	WK 9	WK 10	WK 11	WK 12	WK 13
	TEU Adjustment	-157811	-103073	-134258	-77693	-111066	-77312	-60610	-18928	-14080	-22588	0	0	0
	Total Number	-18	-12	-14	-8	-15	-10	-8	-2	-1	-2	0	0	0
	% of Total Capacity Adjustment	-26%	-17%	-22%	-13%	-18%	-13%	-10%	-3%	-2%	-4%	0%	0%	0%

## SCFI RATE INDEX AS OF JANUARY 12

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



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



## MARKET OUTLOOK & FORECAST – JANUARY 12-26

With Lunar New Year approaching in the first week of February, cargo volumes will peak over the course of the next three weeks. On a positive note, **the number of operational blank sailings reduces as we progress toward month-end**, with just 10-15% of operating capacity lost to blank sailings. Unfortunately, congestion woes on both costs will continue and most likely worsen as the labor force grapples with Omicron-related absenteeism. **Carriers are expected to extend current FAK and Premium rates through the end of the month, and as history would suggest, the extension could continue through the middle of February.** Beyond the coming two weeks, both short term supply and demand levels are difficult to pinpoint, as mixed messages from the manufacturing sector and an unclear blank sailing outlook in February cloud the picture. However, based on recent history we should expect that carriers will take the opportunity of any lull in demand – however brief – to execute a more substantial blank sailing program in mid-February in order to recover schedules. Based on that capacity assumption **we do not expect FAK or Premium rates to decline significantly - if at all - neither heading into or out of the holiday in February**, lthough co-load rates could see reductions as demand tapers.

## PROJECTED AVERAGE FAK RATES – AS OF JANUARY 12

