



TRANSPACIFIC EASTBOUND TRADE

MARKET SUMMARY & OUTLOOK

FEBRUARY 10th 2022

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: 161 blank sailings in Jan/Feb 2022, 3.5-times the number of blanks a year ago
- Demand: Demand recovery underway but February blank sailings hinder progress in early February
- Covid-19: US terminal labor remains hampered by Omicron outbreaks, but situation is easing

STATE OF THE TRADE – FEBRUARY 10, 2022

Coming out of the Lunar New Year holiday in Asia, one item of positive news was that the number of vessels awaiting berth outside the La/LB port complex had been reduced to 90, and with extensive blank sailings in early February the hope among carriers is that the brief lull in market activity from Asia will allow them to make up schedules and reduce the number of ships idling on the US west coast. However, recognizing that blank sailings will not be enough to get services – and full capacity - back on-track, carriers are now reported to be restricting bookings for local LA-bound cargo in favor of IPI bookings. The commercial pivot is reflective of two recent truisms: #1 - that cargo flow to inland rail points has dramatically improved over the past 60-90 days, and #2 - that in order to make real progress in the fight against port congestion, carriers will have to reduce the volume of CY-bound shipments in order to give terminals a temporary reprieve. Post-holiday factory activity in China is mixed – certain locations in North and Central China see a slower rebound than last year, while South China is seeing a slightly faster resumption of activity. Regardless, restricted capacity in early February will present a challenge to shippers eager to clear backlog during the first two weeks after the holiday – some 55 operational blank sailings are planned for weeks 5 and 6; nearly half the operating capacity on the trade will be affected. Blank sailings in January and February 2021 are over 4-times that in the same period of 2021 – both in number of sailings and capacity cancelled. More symbolic at this stage than anything else, the excess dwell fee in LA/LB continues to be delayed – now into mid-February at the earliest.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – FEBRUARY 10, 2022

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:

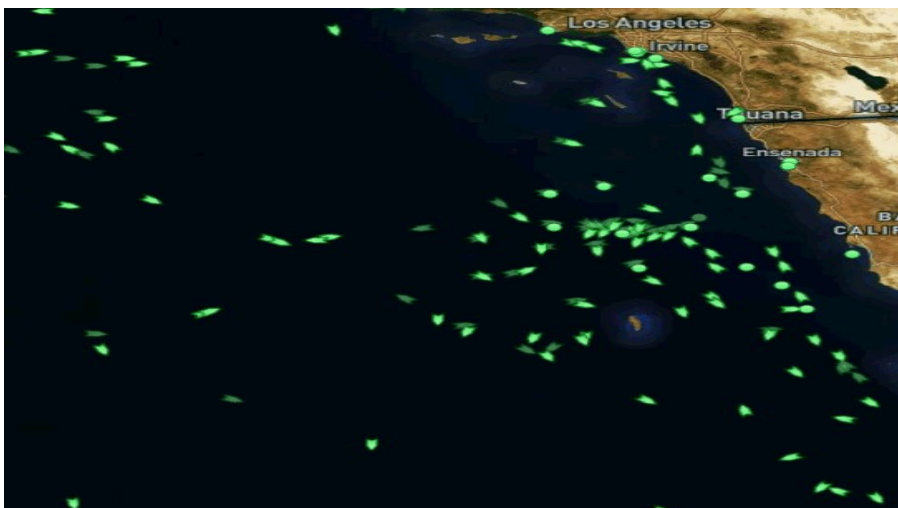
VESSELS AT ANCHOR – UPDATE AS OF WEEK 5

- Los Angeles / Long Beach: 90 @ anchor / drifting / slow steaming
- Oakland: 15 @ anchor
- Seattle / Tacoma: 2 @ anchor
- Charleston: 20 @ anchor
- Savannah: 6 @ anchor
- New York / New Jersey: 10 @ anchor
- Houston: 8 @ 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 28 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
Asia to PS	TEU Adjustment	-109420	-98030	-140495	-65160	-163846	-112975	-92289	-36680	-46395
	Total Number	-12	-12	-16	-7	-18	-13	-11	-6	-5
% of Total Capacity Adjustment		-37%	-33%	-47%	-22%	-55%	-38%	-31%	-12%	-16%

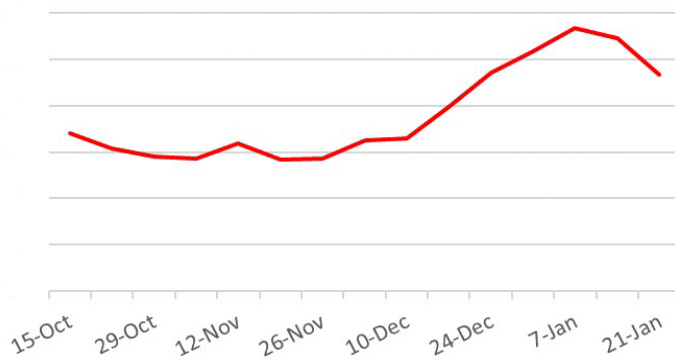
Trade	Capacity Change	WK 1	WK 2	WK 3	WK 4	WK 5	WK 6	WK 7	WK 8	WK 9
Asia to PN	TEU Adjustment	-42042	-33528	-32666	-31596	-48104	-38159	-29595	-10675	0
	Total Number	-6	-6	-5	-4	-9	-5	-5	-2	0
% of Total Capacity Adjustment		-38%	-30%	-30%	-29%	-44%	-35%	-27%	-10%	0%

Trade	Capacity Change	WK 1	WK 2	WK 3	WK 4	WK 5	WK 6	WK 7	WK 8	WK 9
Asia to AW+GC	TEU Adjustment	-57449	-22461	-32083	-40454	-70414	-22940	-23372	0	-11078
	Total Number	-5	-2	-2	-3	-7	-3	-2	0	-1
% of Total Capacity Adjustment		-27%	-11%	-15%	-19%	-33%	-11%	-11%	0%	-5%

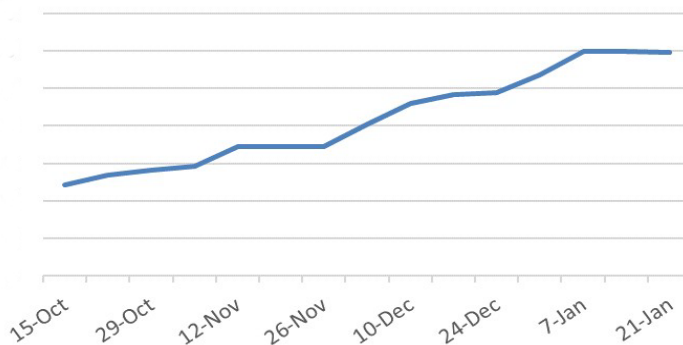
TOTAL ALL USA	Capacity Change	WK 1	WK 2	WK 3	WK 4	WK 5	WK 6	WK 7	WK 8	WK 9
	TEU Adjustment	-208911	-154019	-205244	-137210	-282364	-174074	-145256	-47355	-57473
	Total Number	-23	-20	-23	-14	-34	-21	-18	-8	-6
% of Total Capacity Adjustment		-34%	-25%	-33%	-22%	-46%	-28%	-23%	-8%	-9%

SCFI RATE INDEX AS OF FEBRUARY 10

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



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



MARKET OUTLOOK & FORECAST – FEBRUARY 10 - 23

Overall, rates remain stable in early February with no significant increases scheduled for mid-month. Blank sailings will wind down closer to previous levels by end February, but even so this will mean between 20-25% of capacity removed each week as carriers continue to struggle with port congestion and ship displacement. If export volumes from Asia – particularly China and Vietnam – recover quickly in February, carriers could be poised to allocate more volume under premium rates, and/or raise FAK rates in early March. However, if a slower recovery were to occur, shippers will get more access to FAK rates for late February and early March sailings. Retailers in the US have been re-evaluating their longer-term forecasts in light of both softer retail sales in past months and gains in overall inventory levels. Potential fallout from a carrier-imposed restriction of LA/LB CY bookings could include renewed congestion on rail and inland ramp locations, but if this allows terminals to improve productivity and carriers to cycle ships faster, then it would be seen as an acceptable risk. Depending on the breadth of the initiative, it is not out-of-the-question to see IPI rates potentially soften in the coming weeks, especially if post-holiday recovery is slower than expected.

PROJECTED AVERAGE FAK RATES – AS OF FEBRUARY 10

