



# TRANSPACIFIC EASTBOUND TRADE

## MARKET SUMMARY & OUTLOOK

MARCH 23, 2022

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

- Supply: PSW blanks edge-up but weekly Transpac void capacity remains in the low-20 percent range
- Demand: Short-term space demand impacted by lockdown in Shenzhen and partial-lockdown in Shanghai
- Covid-19: Shenzhen lockdown over, but port congestion and cargo surge anticipated



### STATE OF THE TRADE – MARCH 23, 2022

The unpredictable consequences of China’s Covid-zero policy has thrown the market for a loop again, as first Shanghai then Shenzhen experienced varying degrees of lockdowns in recent weeks following a surge in Omicron cases. While Shenzhen’s lockdown was lifted early this week, its terminals have imposed cargo restrictions as a measure to limit congestion after the resumption of production in the Shenzhen area. The lockdown badly disrupted trucking capacity and terminal productivity, and this will likely lead to increased vessel wait times and from there a possible increase in port omissions this and next week as the region gets back on track. The delay to future sailings will likely mean a return to very tight space conditions in April, and, over the medium term the threat of worsening congestion at US terminals as arrivals stagger again. Los Angeles / Long Beach is seeing its best productivity in months, with the average wait time down to just 3.1 days and fewer than 50 vessels in queue. The same cannot be said of some east coast ports – most of which continue to see stronger volumes – a result of the ongoing organic shift of retail volumes, less urgency to land product as soon as possible, and ILWU work action concerns. Charleston has been hit the worst, with average wait times up to 14-16 days and nearly 30 vessels at anchor or drift. Dwell times and backlog of vessels in other major east coast ports are mixed, with New York and Savannah seeing reductions but Norfolk seeing worsening conditions. The Charleston backlog can be partly attributed to diversions made earlier in the year when Savannah was suffering from similar congestion. Similarly, labor restrictions and vessel bunching is causing delays in Houston, where waiting time ranges from 2 to 11 days. Rates have remained stable overall, but carriers are not seeing as high utilizations from base ports as before. Although rates have softened very slightly in recent weeks, feeder shortages and network restrictions in Southeast Asia are still causing significant space shortages there, where reliance on the wholesale market remains more prevalent than from base ports. In Canada, the Canadian Pacific railroad’s lockout of its conductors and engineers began on Sunday March 20<sup>th</sup> after the two sides had failed to reach an agreement on a new contract.

### CARRIER LOAD-FACTORS AND DEMAND TRACKER – MARCH 23, 2022



#### 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:  

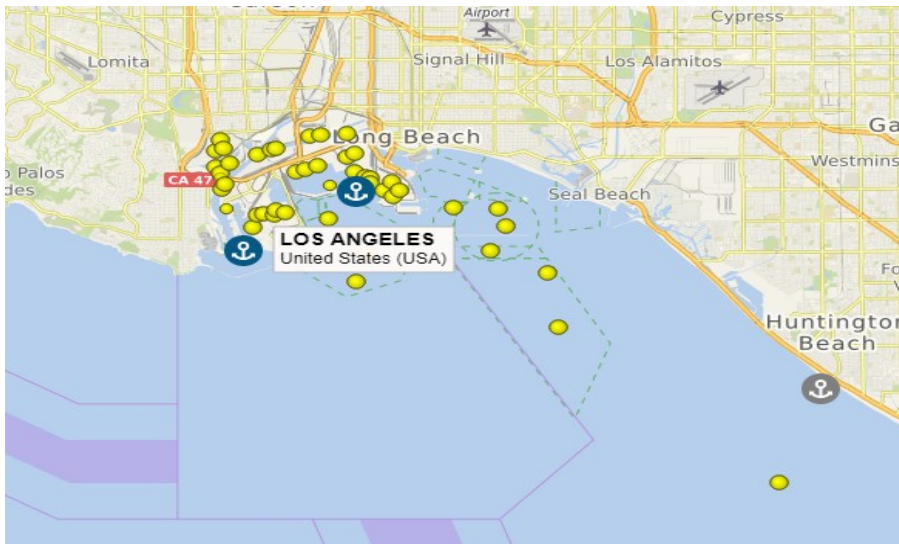
**VESSELS AT ANCHOR – UPDATE AS OF WEEK 11**

- Los Angeles / Long Beach: 45 @ anchor / drifting / slow steaming
- Oakland: 23 @ anchor
- Seattle / Tacoma: 2 @ anchor
- Charleston: 29 @ anchor
- Savannah: 4 @ anchor
- New York / New Jersey: 10 @ anchor
- Houston: 13 @ anchor

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

<b>Los Angeles / Long Beach</b>	
<b>Oakland</b>	
<b>Seattle / Tacoma</b>	
<b>Charleston</b>	
<b>Savannah</b>	
<b>New York</b>	
<b>Houston</b>	

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 22 Mar  
**Summary by Trades**

Trade	Capacity Change	WK 12	WK 13	WK 14	WK 15	WK 16	WK 17
Asia to PS	TEU Adjustment	-94432	-61102	-73064	-51360	-39344	1676
	Total Number	-11	-7	-9	-7	-5	0
% of Total Capacity Adjustment		-32%	-20%	-24%	-17%	-13%	1%

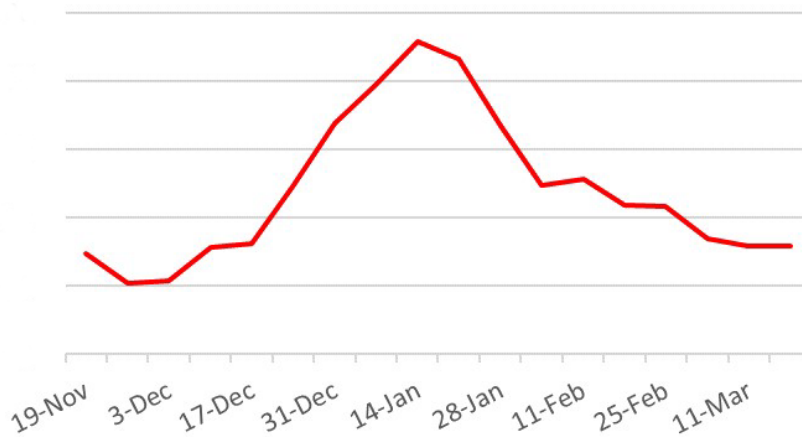
Trade	Capacity Change	WK 12	WK 13	WK 14	WK 15	WK 16	WK 17
Asia to PN	TEU Adjustment	-48190	-28874	-30574	-19204	-26109	-12936
	Total Number	-7	-4	-5	-3	-4	-1
% of Total Capacity Adjustment		-42%	-25%	-27%	-17%	-23%	-11%

Trade	Capacity Change	WK 12	WK 13	WK 14	WK 15	WK 16	WK 17
Asia to AW+GC	TEU Adjustment	-15136	-19119	-43754	-16820	-14447	0
	Total Number	-3	-3	-6	-2	-2	0
% of Total Capacity Adjustment		-7%	-9%	-20%	-8%	-7%	0%

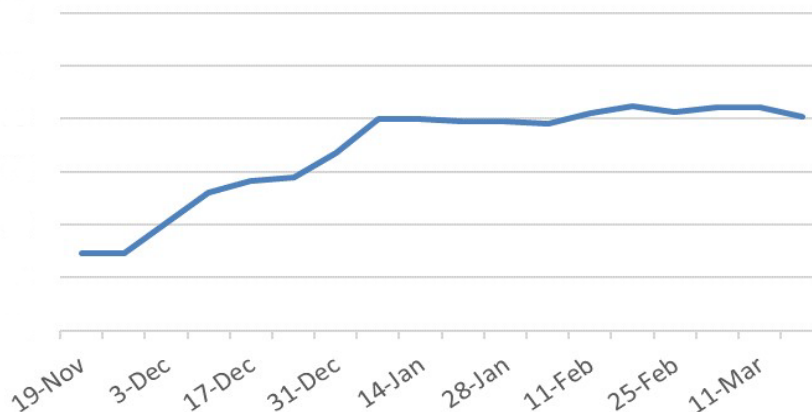
TOTAL ALL USA	Capacity Change	WK 12	WK 13	WK 14	WK 15	WK 16	WK 17
	TEU Adjustment	-157758	-109095	-147392	-87384	-79900	-11260
	Total Number	-21	-14	-20	-12	-11	-1
% of Total Capacity Adjustment		-25%	-17%	-23%	-14%	-13%	-2%

## SCFI RATE INDEX AS OF MARCH 23

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



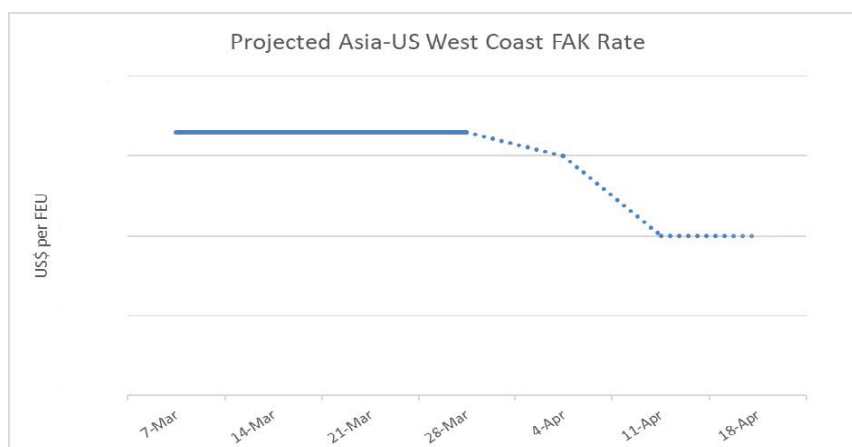
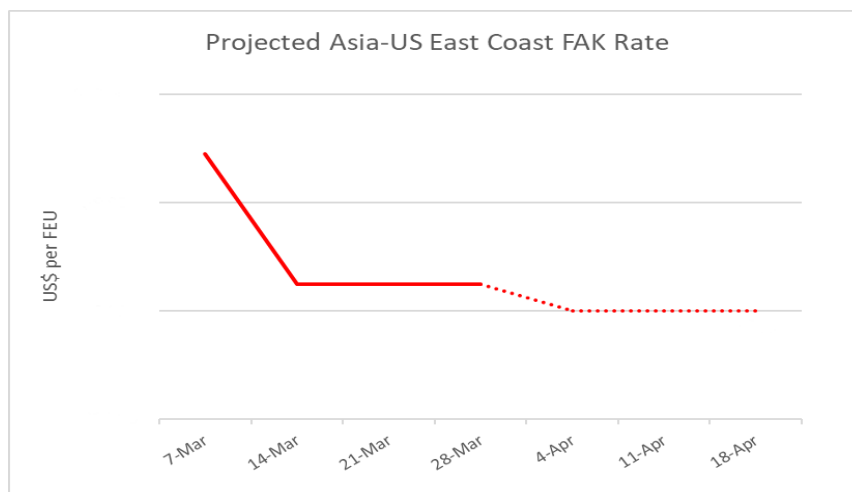
SCFI - Asia - US West Coast (US\$ per FEU)



## MARKET OUTLOOK & FORECAST – MARCH 23 – APRIL 6

**Some coloaders are extending current rates through the end of April**, suggesting that the market will continue to soften as new and upgraded services continue to filter into the trade. However, **we caution against any assumption that rates will further decline significantly in the coming two weeks** as the effects of the impending post-lockdown export surge in Yantian (and Shanghai) may strengthen carrier load factors in April. As congestion continues to ease on the west coast, retailers are discovering much higher inventory levels, throwing into question the medium- and longer-term strength of overall demand, especially against a backdrop of softening consumer sentiment in the US. While significant rate increases are not in the cards for April 1<sup>st</sup>, **some carriers may attempt to increase FAK rates based on load factors which may be positively impacted by post-lockdown cargo surges in China**. Weekly spot-rates – particularly to the US west coast - are making their return to the market however, as a sign that overall supply/demand balance is no longer as much in the carrier’s favor. The CP’s lockout and subsequent disruption in Vancouver will no doubt cause more congestion in the US midwest and Canadian IPI’s, and will increase vessel dwell times outside Vancouver and Prince Rupert as the CN will struggle to shoulder the overflow of volumes vacating CP trains.

## PROJECTED AVERAGE FAK RATES – AS OF MARCH 23



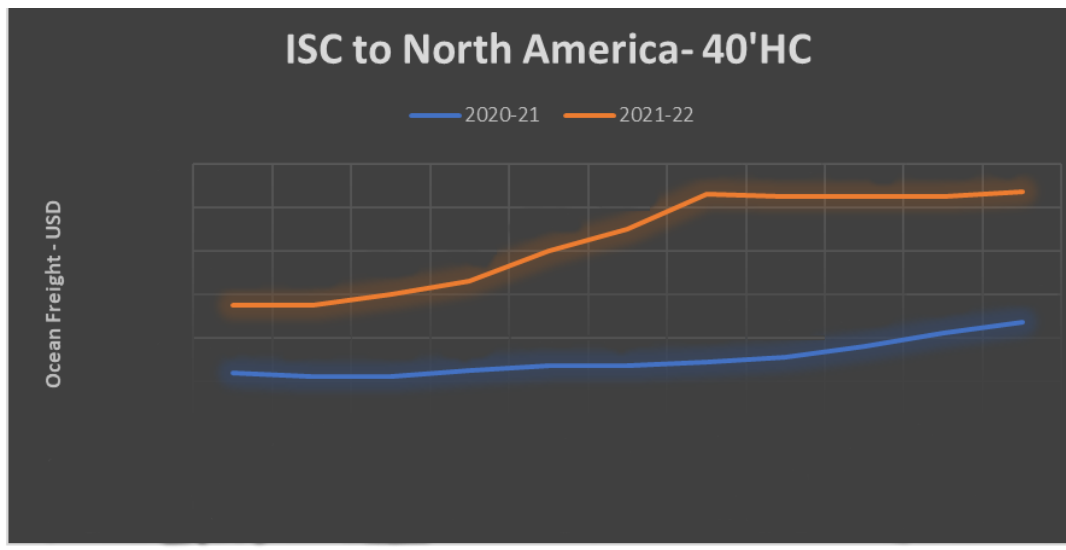
## **SPECIAL INSERT – FOCUS ON INDIA**

*Every two weeks we will summarize India-US market dynamics, key statistics, and trade outlook*

### **INDIA-US MARKET SUMMARY**

- India exports increased in February 2022 by 22% year-on-year
- Space from India particularly to USWC has been hampered by port congestion and port omissions in Asia
- INDAMEX service will omit Savannah and Charleston calls on one full cycle through mid-April 2022. INDAMEX 2 service will omit New York and Charleston through mid-May 2022
- Carriers are restricting RIPI cargo and have narrowed focus in recent weeks to CY cargo
- Equipment situation stable at gateway ports and main ICD's

### **RATE UPDATE**



### **MARKET OUTLOOK – MARCH / APRIL 2022**

Short term export prospects remain strong – through at least Q2 2022 – but may be affected by economic headwinds and high-base effect on India export volumes. Space to US West Coast remains very tight, with carriers prioritizing east Asia base ports over ISC-origin cargo. Rates should remain firm or even continue to rise on both the restriction of east coast port coverage due to congestion (summarized above), and limited space to US West Coast on main services.