
TRANSPACIFIC EASTBOUND TRADE

MARKET SUMMARY & OUTLOOK

APRIL 20, 2022

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: Blank sailings creep up in April as demand stumbles following lockdowns in China
- Demand: Hints of a Shanghai reopening in the coming days portends a demand surge entering May
- Covid-19: 87 of China's 100 largest cities experiencing some level of restrictions


STATE OF THE TRADE – APRIL 20, 2022

With the resumption of manufacturing activity in the Shanghai area over the past several days, hints of a broader re-opening abound and with it the anticipation of an impending export surge starting by late April. Although a re-opening will almost certainly mean a surge in export volume from Shanghai and surrounding areas, rate levels remain stable as carriers cope with softer utilizations not only from Central China, but from South China and Southeast Asia as well – the latter victimized by feeder sailing cancellations and severe empty container shortages stemming from the disruptions in Shanghai. Major outports such as Haiphong have suffered myriad feeder cancellations, dealing another blow to a port which has already lost multiple direct calls over the past year. Indonesia and Thailand are suffering from acute empty container shortages as the supply of empties from hub ports such as Shanghai is pinched by adjusted rotations, port omissions, and blank sailings. Considering the direct and indirect consequences of the extended lockdown in Shanghai, a surge is almost certain to take place – but may take longer to materialize than expected. Nevertheless, the current lull in demand – and load factors – is likely short-lived as the convergence of pent-up normal demand with what we expect to be an early-ish start to peak season will most likely result in more bottlenecks – first at origin and later at US ports (particularly US West Coast). Although transpacific eastbound box rates have only slipped by between 2-3% over the past month, the current four-week stretch represents the first net reduction in average market rates over such a period since September of 2020. And while FAK rate increases on May 1st are questionable, carriers are far more likely to increase Premium volumes when space tightens, and thereby upgrading revenues without increasing FAK rates. US port congestion remains mostly status quo, with some improvement at east coast ports and at LA/LB (next page), and all expectations are that this improvement will continue into May.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – APRIL 20, 2022


Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 90-100%

Rate Trend next week: 


Asia-to-Pacific Northwest (PNW)

Average Vessel Utilization: 90-100%

Rate Trend next week: 

Asia-to-US East Coast (USEC)




Average Vessel Utilization: 90-100%

Rate Trend next week: 

VESSELS AT ANCHOR – UPDATE AS OF WEEK 16

- Los Angeles / Long Beach: 37 @ anchor / drifting
- Oakland: 10 @ anchor
- Seattle / Tacoma: 0 @ anchor
- Charleston: 13 @ anchor
- Savannah: 4 @ anchor
- New York / New Jersey: 12 @ anchor
- Houston: 15 @ anchor
- Norfolk: 12 @ anchor

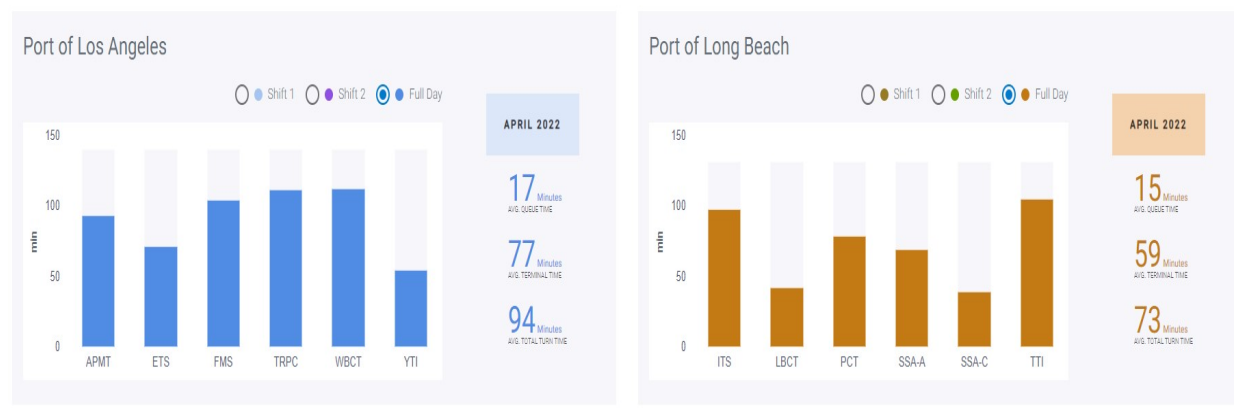
VESSELS AT ANCHOR – 2-WEEK TREND BY PORT

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

PORT OF LA / LB KPI TRACKER Average

Time Awaiting Berth: 2.7 days

Truck Turn Times



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 19 Apr
Summary by Trades

Trade	Capacity Change	WK 14	WK 15	WK 16	WK 17	WK 18	WK 19	WK 20	WK 21
Asia to PS	TEU Adjustment	-86464	-74480	-55118	-58568	-49404	-49098	-36164	-14910
	Total Number	-11	-10	-7	-5	-7	-7	-7	-3
% of Total Capacity Adjustment		-29%	-25%	-18%	-19%	-16%	-16%	-12%	-5%

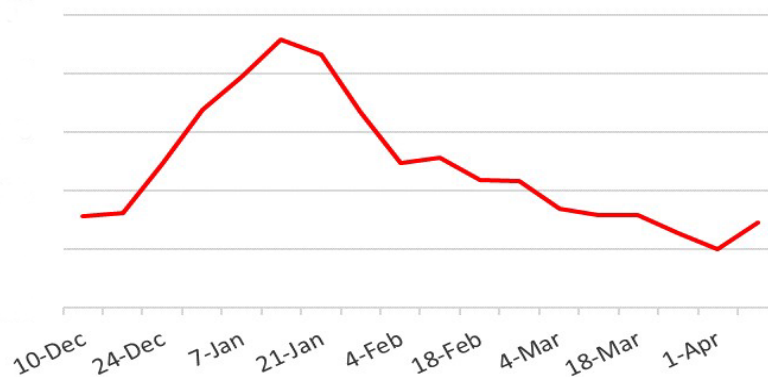
Trade	Capacity Change	WK 14	WK 15	WK 16	WK 17	WK 18	WK 19	WK 20	WK 21
Asia to PN	TEU Adjustment	-45058	-32724	-38179	-26055	-23000	-22344	-12494	0
	Total Number	-6	-5	-5	-2	-3	-3	-3	0
% of Total Capacity Adjustment		-39%	-28%	-33%	-22%	-20%	-19%	-11%	0%

Trade	Capacity Change	WK 14	WK 15	WK 16	WK 17	WK 18	WK 19	WK 20	WK 21
Asia to AW+GC	TEU Adjustment	-43754	-16820	-40161	-20600	-6180	-5000	0	0
	Total Number	-6	-2	-4	-2	-1	-1	0	0
% of Total Capacity Adjustment		-19%	-7%	-17%	-9%	-3%	-2%	0%	0%

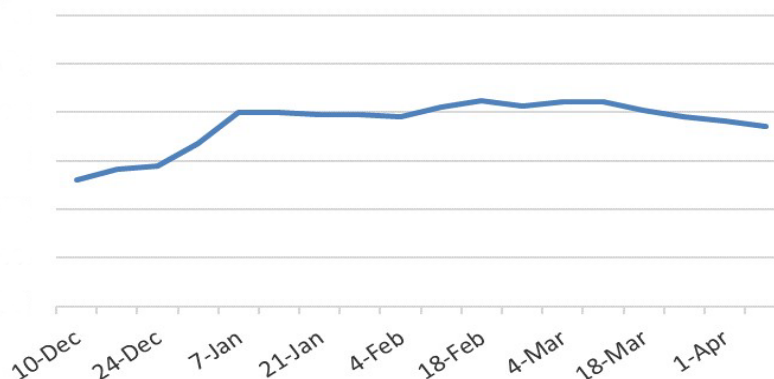
TOTAL ALL USA	Capacity Change	WK 14	WK 15	WK 16	WK 17	WK 18	WK 19	WK 20	WK 21
	TEU Adjustment	-175276	-124024	-133458	-105223	-78584	-76442	-48658	-14910
	Total Number	-23	-17	-16	-9	-11	-11	-10	-3
% of Total Capacity Adjustment		-27%	-19%	-21%	-16%	-12%	-12%	-7%	-2%

SCFI RATE INDEX AS OF APRIL 20

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



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



MARKET OUTLOOK & FORECAST – APRIL 20 – MAY 4

With the consensus that **peak season will start earlier than usual this year, export volumes from Asia volumes should start recovering again in the coming weeks**, regardless of the timing of Shanghai’s much-anticipated re-opening. However, Shanghai’s eventual re-opening – whether sooner as in this week, or later as in early May – **will undoubtedly propel the trade into peak-like conditions once again as shippers scramble to process delayed orders and carriers try to manage the surge with what may be limited capacity**. Blank sailings are – for the moment – holding steady at between 15-20% of market capacity, but our view is that there is again a threat of severe under-capacity if a sudden surge in export demand takes place in early May, leaving the market flat footed while an average of 100,000 TEU per week of capacity idles. **As volumes increase, expect a higher percentage of shipments to move on Premium rate levels**. However, for the coming two weeks we still expect a more gradual winding-up of demand from Shanghai, depending on when manufacturing resumes in full. If the manufacturing recovery is a phased-process though, it may draw out the ramp-up period beyond early May, where we would see a longer more sustained peak condition. Rates will remain relatively stable with some possible softening on the Far East-US West Coast corridor. East Coast rates should remain firm over the coming two weeks.

FORWARD FAK RATE PROJECTIONS – AS OF APRIL 20

