

# TRANSPACIFIC EASTBOUND TRADE

## MARKET SUMMARY & OUTLOOK

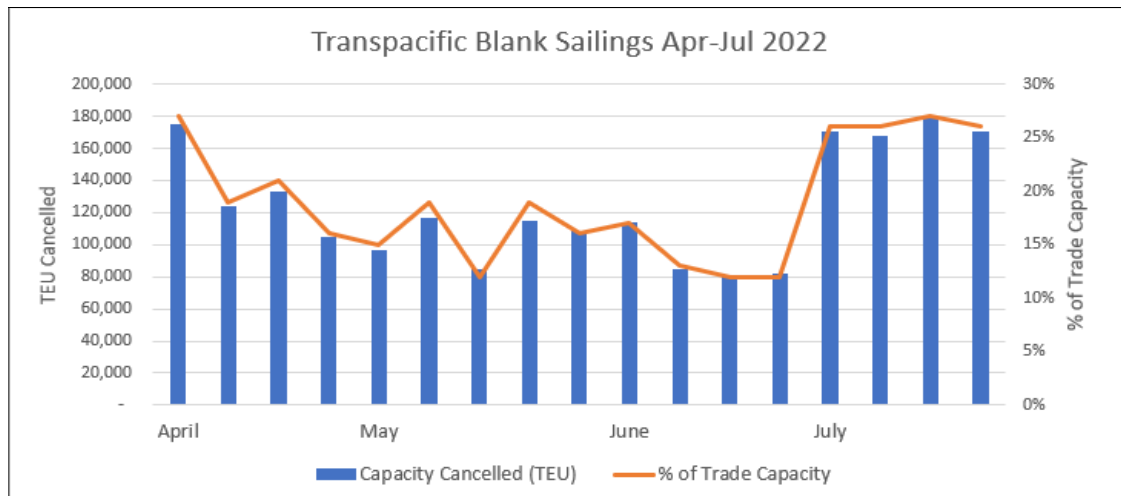
JULY 27, 2022

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

- Supply: Blank sailings begin to surge again as port and rail bottlenecks flare
- Demand: Demand from Asia remains stable despite higher inventory levels in the US
- Covid-19: Rolling lockdowns in China may continue to threaten trade flows

### STATE OF THE TRADE – JULY 27, 2022



Despite the welcome news of Oakland’s four marine terminals resuming full operations Monday, the damage done from truckers protesting California’s new AB5 worker classification law could be lasting. At the time of writing, 14 vessels were anchored outside of Oakland as the terminal worked through the backlog – which a port spokesperson said would take about three days to clear. Nevertheless, the number of vessels now anchored outside major US ports has reached an all-time high (some 145 by our count), and this is now being reflected in the climbing number of blank sailings in July and, presumably, August (see below). The number of cancelled sailings – averaging 24 per week in July – and the corresponding capacity is comparable to spring of 2021, when carriers faced excessive vessel bunching at US ports (particularly LA/LB). This time, however, rates continue to slide as average Asia-US West Coast rates lost another \$300/FEU over the last two weeks. Rates to the US East Coast remain fluid as well, though higher average load factors are preventing the rates from dropping at the same pace as Asia-west coast rates. West Coast terminals, including Vancouver and Prince Rupert in Canada, are experiencing worsening congestion – particularly driven by slower circulation of IPI-bound shipments, and lack of rail capacity to clear the backlog. One carrier confirmed that weekly discharge of IPI-bound containers in LA/LB is exceeding weekly volume departing on rail by a full 30%, and that such a surplus is expected to compound each week for the foreseeable future. Severe chassis shortages at inland locations has caused the discharge of inbound containers into stacks at most rail ramps. Much of the shortage is due to larger retailers detaining chassis and using containers as mounted mobile storage units while warehouses remain full. The slower overall pace of inland operations is now taking up more yard space at coastal terminals, impacting vessels’ time spent at berth and time spent waiting for berth. The number of ships at anchor and waiting for berths is also increasing in Oakland, Houston, Savannah, Norfolk, and New York (next page).



**CARRIER LOAD-FACTORS AND DEMAND TRACKER – JULY 27, 2022**



Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 90-95%

Rate Trend next week:  



Asia-to-Pacific Northwest (PNW)

Average Vessel Utilization: 90-95%

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 30**

- Los Angeles / Long Beach: 28 @ anchor
- Oakland: 14 @ anchor
- Seattle / Tacoma: 2 @ anchor
- Vancouver: 9 @ anchor
- Charleston: 8 @ anchor
- Savannah: 44 @ anchor
- New York / New Jersey: 21 @ anchor
- Houston: 23 @ anchor
- Norfolk: 7 @ anchor

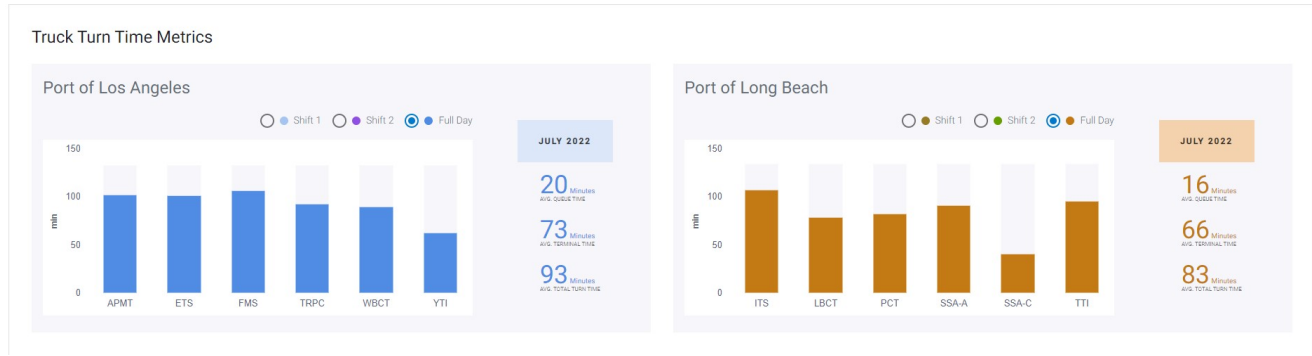
**VESSELS AT ANCHOR – 2-WEEK TREND BY PORT**

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

## PORT OF LA / LB KPI TRACKER

- **Average Time Awaiting Berth:** 2.3 days (+0.6 days since last report)
- **30-day Average Time At Berth:** 6.5 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 Summary by Trades Updated 18 Jul

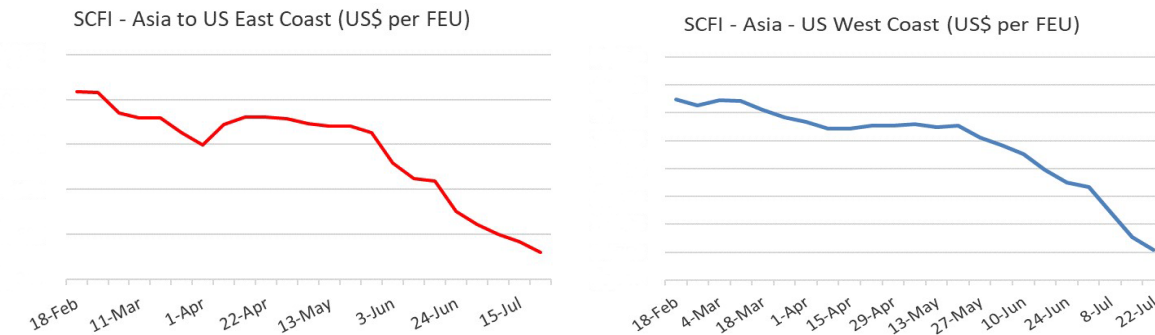
Trade	Capacity Change	WK 27	WK 28	WK 29	WK 30	WK 31	WK 32	WK 33	WK 34
Asia to PS	TEU Adjustment	-102420	-82268	-79796	-44740	-59592	-50780	-31240	-27690
	Total Number	-13	-12	-12	-7	-9	-9	-6	-5
% of Total Capacity Adjustment		-35%	-28%	-26%	-15%	-20%	-17%	-11%	-9%

Trade	Capacity Change	WK 27	WK 28	WK 29	WK 30	WK 31	WK 32	WK 33	WK 34
Asia to PN	TEU Adjustment	-41450	-30376	69551	-47580	-41996	-25430	-23600	-4590
	Total Number	-7	-7	-11	-7	-8	-5	-5	-2
% of Total Capacity Adjustment		-34%	-25%	-53%	-39%	-35%	-21%	-19%	-4%

Trade	Capacity Change	WK 27	WK 28	WK 29	WK 30	WK 31	WK 32	WK 33	WK 34
Asia to AW+GC	TEU Adjustment	-26683	-58924	41880	-54622	-19450	-25220	-26572	-2970
	Total Number	-3	-6	-5	-6	-2	-3	-3	-1
% of Total Capacity Adjustment		-11%	-23%	-17%	-23%	-8%	-10%	-11%	-1%

TOTAL ALL USA	Capacity Change	WK 27	WK 28	WK 29	WK 30	WK 31	WK 32	WK 33	WK 34
	TEU Adjustment	-170553	-171568	-181931	-158942	-121038	-101430	-81412	-35250
	Total Number	-23	-25	-28	-20	-19	-17	-14	-8
% of Total Capacity Adjustment		-26%	-26%	-28%	-24%	-18%	-15%	-12%	-5%

## SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF JULY 27



## MARKET OUTLOOK & FORECAST – JULY 27 – AUGUST 10

**Spot rates will not increase on August 1<sup>st</sup>.** Despite the coming weeks showing increased blank sailing activity, rates will remain soft into early August and likely into the middle of the month. Congestion – and specifically the number of queued vessels at ports – is expected to worsen as there are no short-term remedies to worsening congestion at inland points. **We expect that cancelled sailings will remove at least 25% of total trade capacity per week** for the coming weeks as vessel-bunching worsens and schedules fall further out from pro-forma. That number is likely to rise toward mid-August as the number of ships at anchor increases. Space demand from Asia will remain stable for the coming weeks, however, so **there is no imminent threat of acute space shortages and sudden spot-rate increases associated with cancelled sailings in early August.** IPI delays and dwell times at terminals are likely to lengthen in the coming weeks as carriers continue to discharge far more containers for inland destinations than rail carriers can accommodate. As this volume compounds, dwell times for local cargo will increase as well.

## FORWARD FAK RATE PROJECTIONS – AS OF JULY 27

