



TRANSPACIFIC EASTBOUND TRADE

MARKET SUMMARY & OUTLOOK

AUGUST 12, 2022

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: Blank sailings reach 30% of trade capacity in August, driven by port congestion
- Demand: Peak season already winding down as space opens despite blank sailings

STATE OF THE TRADE – AUGUST 12, 2022

US import data covering late July and early August is suggesting that the pace of year-on-year import volume growth is starting to slow considerably, and while July’s full month containerized imports from Asia show a YOY growth of nearly 4 percent, early August import data suggests a significant drop-off versus a year ago. Asia-to-US West Coast spot/FAK rates are now in a freefall, losing an average of \$175/FEU per week over the past eight weeks. At their current rate of erosion, average west coast rates will sink below the \$5,000-per-FEU level by late August, and below the \$4,500-per-FEU level by mid-September. Current rates to the US West Coast are now at the same level as they were in July 2021, reversing an entire year’s worth of increases. Despite stronger load factors, Asia-to-US East Coast rates continue to slump as well and have now sunk back to late-2021 levels.



The overall number of ships at anchor has been reduced over the last two weeks, but average ship wait times are increasing in locations such as Vancouver (up to 9-10 days), Savannah (up to 18 days), and Houston (up to 18 days). Although fewer ships are anchored outside the Port of New York / New Jersey than earlier in August, wait times can reach up to 7 days or more as terminals grapple with severe yard congestion, especially a surplus of empty containers. This has prompted the Port Authority of New York and New Jersey to threaten an export container dwell fee in a bid to prod ocean carriers to remove more containers than they drop off.

Rail dwell times at the ports of Los Angeles / Long Beach continue to soar – on-dock rail average dwell time is 11 days, while average off-dock dwell is now over 17 days. However, in a sign that inland volumes may be settling, railroads’ time to spot and pull trains improved week-over-week - down 40% to 15 hours.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – AUGUST 12, 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 32

- Los Angeles / Long Beach: 20 @ anchor
- Oakland: 11 @ anchor
- Seattle / Tacoma: 0 @ anchor
- Vancouver: 5 @ anchor
- Charleston: 8 @ anchor
- Savannah: 39 @ anchor
- New York / New Jersey: 20 @ anchor
- Houston: 23 @ anchor
- Norfolk: 4 @ anchor

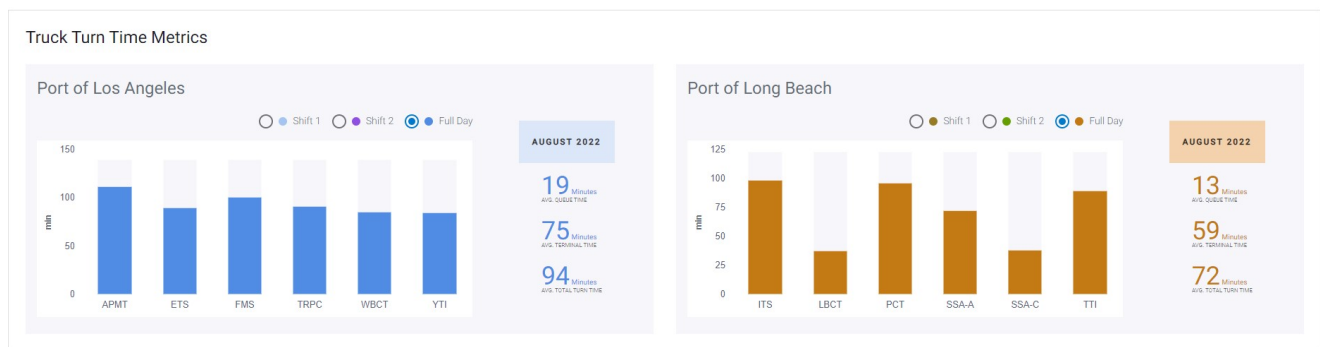
VESSELS AT ANCHOR – 2-WEEK TREND BY PORT

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

PORT OF LA / LB KPI TRACKER

- **Average Time Awaiting Berth:** 3 days (+0.7 days since last report)
- **30-day Average Time At Berth:** 6.1 days (-0.4 days since last report)

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 2 Aug

Trade	Capacity Change	WK 31	WK 32	WK 33	WK 34
Asia to PS	TEU Adjustment	-94836	-96520	-76744	-59510
	Total Number	-13	-12	-11	-9
% of Total Capacity Adjustment		-32%	-33%	-26%	-20%

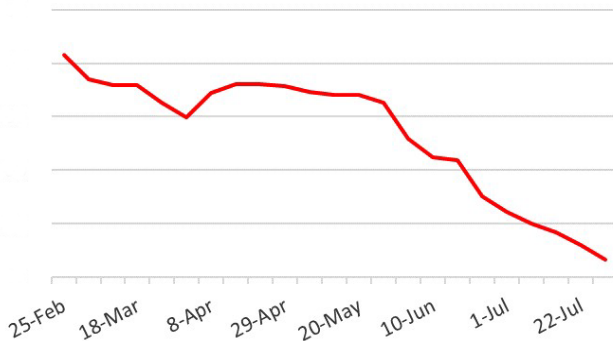
Trade	Capacity Change	WK 31	WK 32	WK 33	WK 34
Asia to PN	TEU Adjustment	-58016	-49180	-61542	-13774
	Total Number	-11	-7	-11	-4
% of Total Capacity Adjustment		-48%	-41%	-51%	-11%

Trade	Capacity Change	WK 31	WK 32	WK 33	WK 34
Asia to AW+GC	TEU Adjustment	-47120	-49606	-48660	-32610
	Total Number	-4	-6	-5	-4
% of Total Capacity Adjustment		-20%	-21%	-20%	-14%

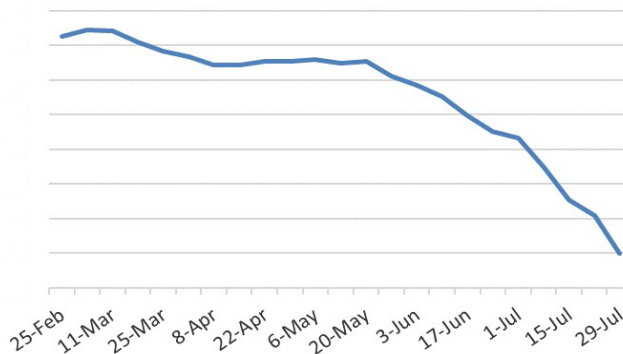
TOTAL ALL USA	Capacity Change	WK 31	WK 32	WK 33	WK 34
	TEU Adjustment	-199972	-195306	-186946	-105894
	Total Number	-28	-25	-27	-17
% of Total Capacity Adjustment		-30%	-30%	-28%	-16%

SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF AUGUST 12

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



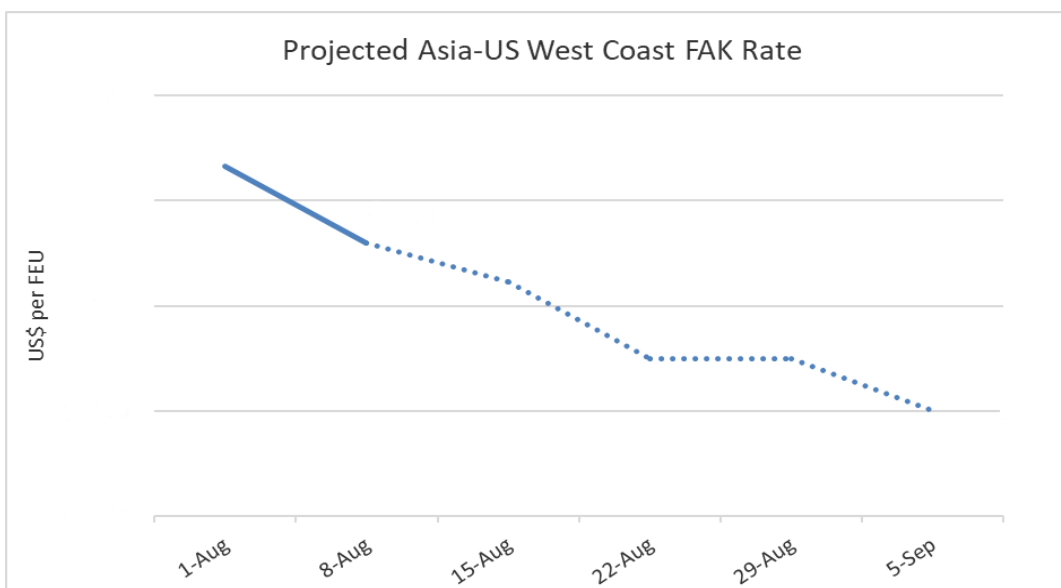
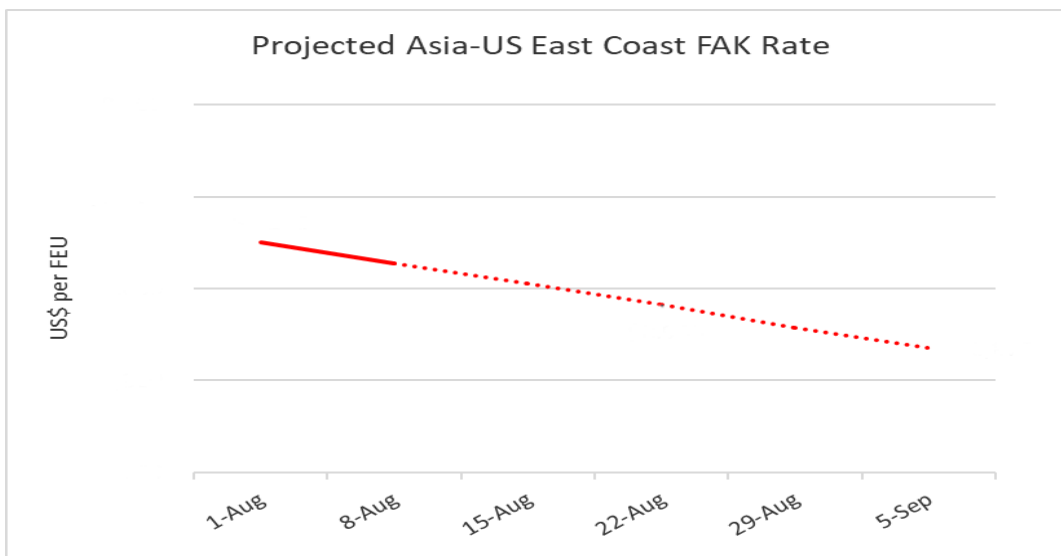
SCFI - Asia - US West Coast (US\$ per FEU)



MARKET OUTLOOK & FORECAST – AUGUST 12-23

Carriers have extended current rates through end August, but rates will continue to slide over the next two weeks. Overall demand from Asia will soften from mid-August, and will continue through the month of September. A new contract agreement between the ILWU and PMA is expected in the coming weeks, which will help to rebalance trade volumes back to the US West Coast, but given the expected slump in overall demand, this may not be enough to stem the heavy losses that rates are now experiencing. Blank sailings are expected to remain at or above 30% of the trade’s capacity as carriers continue to struggle with massive congestion-related delays particularly in the Pacific Northwest and East Coast. US Gulf services might also start seeing blank sailings in August as the number of anchored ships climb and dwell times increase.

FORWARD FAK RATE PROJECTIONS – AS OF AUGUST 12



MARKET OUTLOOK – AUGUST

- Export volumes expected to weaken in August, in line with weaker demand
- Space to USEC and USWC will remain abundant in August
- Freight rates across all trades will see continued downward revisions in August