



# TRANSPACIFIC EASTBOUND TRADE

## MARKET SUMMARY & OUTLOOK

AUGUST 24, 2022

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

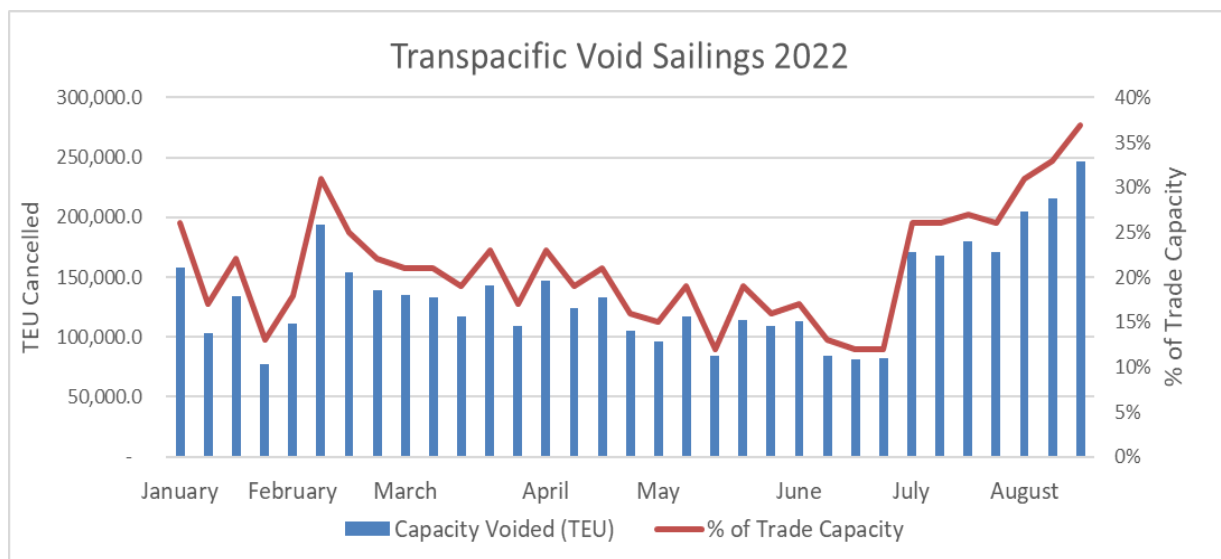
- Supply: Blank sailings now exceed 30% of capacity in August
- Demand: Peak season already winding down as space opens despite blank sailings
- Operational: Transit times stretching longer; Port & Rail congestion persist; new labor worries emerging

### STATE OF THE TRADE – AUGUST 24, 2022

With the transpacific eastbound trade peaking early and rates continuing their downward spiral, US rail delays deteriorated further over the last two weeks – with average LA/LB off-dock dwell times exceeding 24 days as the major freight railroads BNSF, Union Pacific, Norfolk Southern, and CSX continue contract talks with the 12 unions covering its 115,000 workers. Although to-date there are no obvious work slowdowns, labor unions remain dissatisfied with railroads’ new contract proposal. On the water, vessel transit time variability – specifically the growing number of excessively-long transit times from Asia – are reflective of the scale of blank sailings, cargo idling, and vessel shuffling in August, with over 875,000 TEU (27% of the entire month’s deployment) cancelled for the month. The weekly number of blank sailings and capacity in August now exceeds that of the period following the Chinese New Year holiday in February.

US ports’ anchorage reports are marginally improved compared to earlier in August, but severe delays to berth in locations like Savannah (up to 21 days), Houston (up to 20 days), and Vancouver (up to 17 days) is putting more pressure on carriers to skip port calls or to reconfigure rotations in order to minimize already-lengthy delays in the rotation.


Freight rates continue to collapse as the average Asia-to-US West Coast rate has fallen over FEU from the beginning of August. East Coast rates, after two months of very modest erosion, are now sliding.



**CARRIER LOAD-FACTORS AND DEMAND TRACKER – AUGUST 24**


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%

Rate Trend next week: 

**VESSELS AT ANCHOR – UPDATE AS OF WEEK 34**

- Los Angeles / Long Beach: 17 @ anchor
- Oakland: 8 @ anchor
- Seattle / Tacoma: 0 @ anchor
- Vancouver: 4 @ anchor
- Charleston: 8 @ anchor
- Savannah: 32 @ anchor
- New York / New Jersey: 20 @ anchor
- Houston: 23 @ anchor
- Norfolk: 2 @ anchor

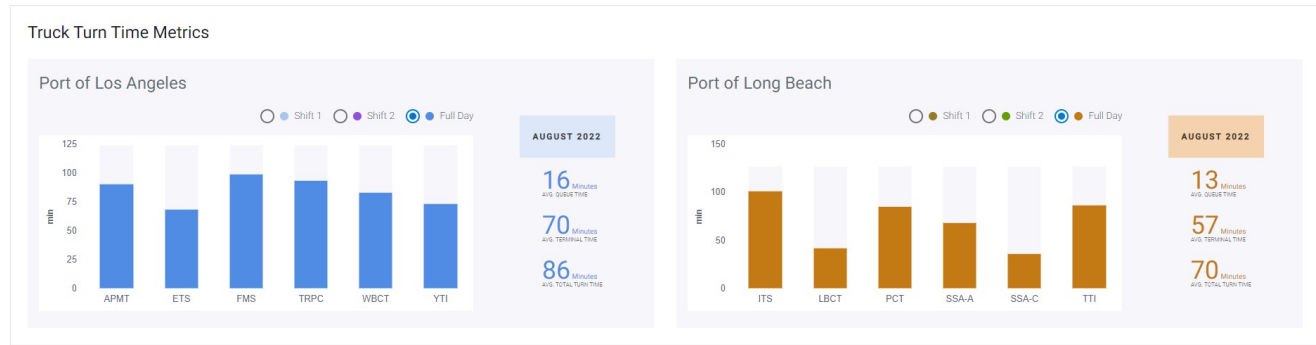
**VESSELS AT ANCHOR – 2-WEEK TREND BY PORT**

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

## PORT OF LA / LB METRICS

- **Average Time Awaiting Berth:** 2.8 days (- 0.3 days since last report)
- **30-day Average Time At Berth:** 6.7 days (+ 0.7 days since last report)
- **Truck Appointment Success Rate** (all terminals): 49%

## 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 19 Aug

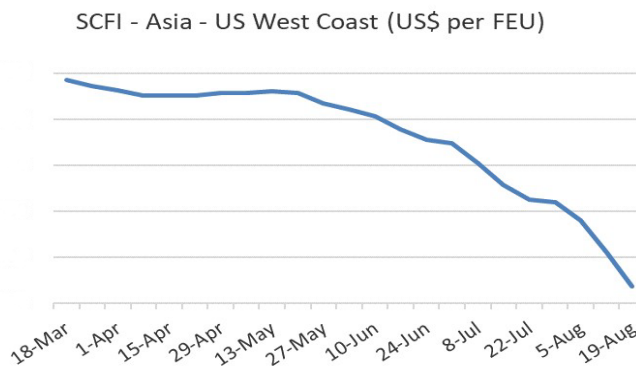
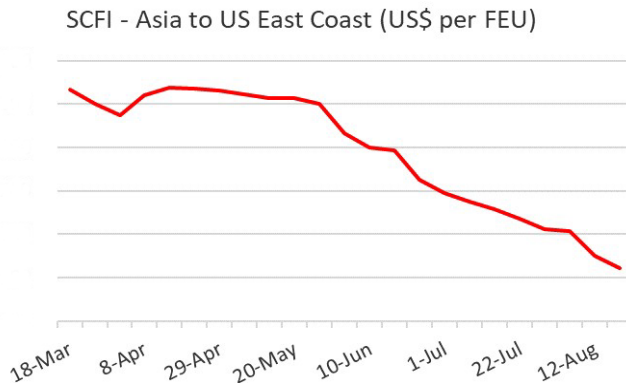
Trade	Capacity Change	WK 31	WK 32	WK 33	WK 34	WK 35	WK 36
Asia to PS	TEU Adjustment	-99916	-107320	-105888	-67810	-18450	-36540
	Total Number	-14	-13	-14	-10	-5	-6
% of Total Capacity Adjustment		-34%	-36%	-36%	-23%	-6%	-12%

Trade	Capacity Change	WK 31	WK 32	WK 33	WK 34	WK 35	WK 36
Asia to PN	TEU Adjustment	-58016	-49180	-69002	-25614	-21800	-13190
	Total Number	-11	-7	-12	-6	-5	-3
% of Total Capacity Adjustment		-48%	-41%	-57%	-21%	-18%	-11%

Trade	Capacity Change	WK 31	WK 32	WK 33	WK 34	WK 35	WK 36
Asia to AW+GC	TEU Adjustment	-47120	-59706	-71460	-39510	-34704	-22570
	Total Number	-4	-7	-7	-5	-3	-3
% of Total Capacity Adjustment		-20%	-25%	-30%	-16%	-14%	-9%

TOTAL ALL USA	Capacity Change	WK 31	WK 32	WK 33	WK 34	WK 35	WK 36
	TEU Adjustment	-205052	-216206	-246350	-132934	-74954	-72300
	Total Number	-29	-27	-33	-21	-13	-12
% of Total Capacity Adjustment		-31%	-33%	-37%	-20%	-11%	-11%

## SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF AUGUST 24



## MARKET OUTLOOK & FORECAST – AUGUST 24 – SEPTEMBER 7

**Rates continue to slide and are now being extended through mid-September**, a signal to the market that carrier confidence levels continue to wane during what should be the traditional peak season. While we expect rates to continue dropping in the late August and early September, **service levels will also deteriorate as blank sailings pile up**. With the number of blank sailings now being elevated for the past seven weeks, **the number of vessels arriving at North America ports – especially east coast ports - will shrink dramatically in the coming weeks**. The hope is that the reduced vessel traffic will help to alleviate port congestion in locations such as Savannah and rail congestion in Vancouver and LA/LB as volumes downshift. Despite blank sailings removing over 30% of weekly capacity in late August, rates will continue to soften on weak demand from Asia. Bunker costs – at times as much as 60% of a carrier’s slot cost – continue to fall as well. VLSFO prices have dropped 12 percent in August, and by 30 percent since July 1<sup>st</sup>.

## FORWARD FAK RATE PROJECTIONS – AS OF AUGUST 24

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