



# TRANSPACIFIC EASTBOUND TRADE

## MARKET SUMMARY & OUTLOOK

OCTOBER 27<sup>th</sup> 2022

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

- Supply: Capacity still exceeds demand 10 percent or more in most trade lanes as of late October...
- Demand: Asia-US containerized imports in September declined by 10 percent versus a year ago...
- Operational: Rolling Covid-lockdowns in China again disrupting flow of cargo...

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

September marked the first month since December 2021 that containerized imports from Asia declined year-on-year, a sign that the fourth quarter as a whole will see flat-to-negative year-on-year growth. That being said, the issue remains overcapacity as capacity deployed in September was still 16 percent more than a year earlier. Blank sailings in October were lighter than expected (notwithstanding the post-China National Day period), with just 175,000 TEU cancelled in the last two weeks of the month compared with nearly 3-times that amount in early October. Regardless, blank sailings have not helped to reverse the rate slide in October, although the pace of erosion itself may be slowing. A low-base effect might be starting to take place in the Asia-US West Coast rate market, as average spot-rates have declined in October. Asia-US East Coast rates have also fallen at a slower pace in October. Sporadic Covid-related lockdowns in China have reemerged, with Ningbo's Beilun district the most high-profile of the affected areas. As of today, however, container terminals in Ningbo are still operating normally but with limited trucking availability in the area due to transportation restrictions.

### CARRIER LOAD-FACTORS AND DEMAND TRACKER – OCTOBER 27

#### Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 85-90%

Rate Trend next week: ↓

#### Asia-to-Pacific Northwest (PNW)

Average Vessel Utilization: 85-90%

Rate Trend next week: ↓

#### Asia-to-US East Coast (USEC)

Average Vessel Utilization: 90%

Rate Trend next week: ↓

## VESSELS AT ANCHOR – UPDATE AS OF WEEK 43

- Los Angeles / Long Beach: 6 @ anchor
- Oakland: 9 @ anchor
- Seattle / Tacoma: 2 @ anchor
- Vancouver: 3 @ anchor
- Charleston: 3 @ anchor
- Savannah: 33 @ anchor
- New York / New Jersey: 8 @ anchor
- Houston: 20 @ anchor
- Norfolk: 7 @ anchor

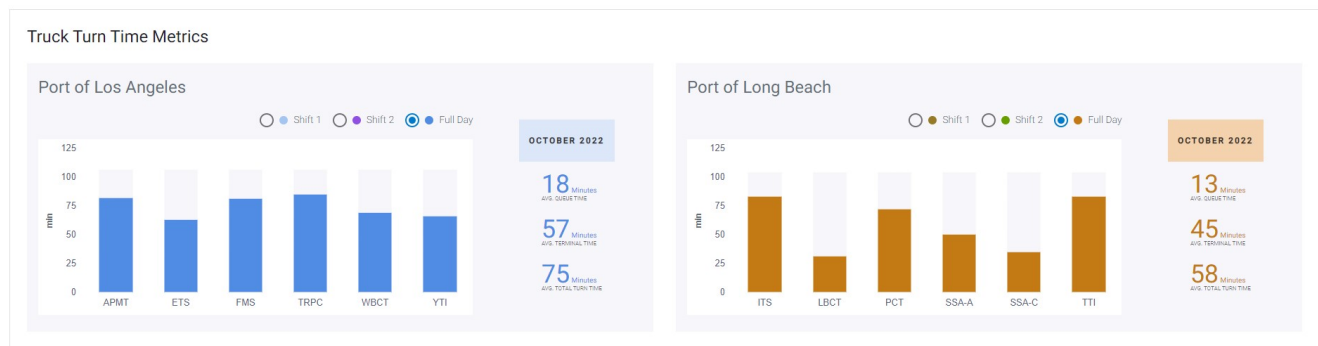
## VESSELS AT ANCHOR – 2-WEEK TREND BY PORT

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

## PORT OF LA / LB METRICS

- **Average Time Awaiting Berth:** 1.3 day (-0.2 days since last report)
- **30-day Average Time At Berth:** 4.7 days (+0.2 days since last report)
- **Truck Appointment Success Rate** (all terminals): 49% (unchanged from 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** Updated 17 Oct  
**Summary by Trades**

Trade	Capacity Change	WK 40	WK 41	WK 42	WK 43	WK 44	WK 45	WK 46	WK 47
Asia to PS	TEU Adjustment	-169446	-42516	-45400	-29118	-22310	-8600	0	0
	Total Number	-18	-4	-4	-3	-3	-1	0	0
% of Total Capacity Adjustment		-63%	-16%	-17%	-11%	-8%	-3%	0%	0%

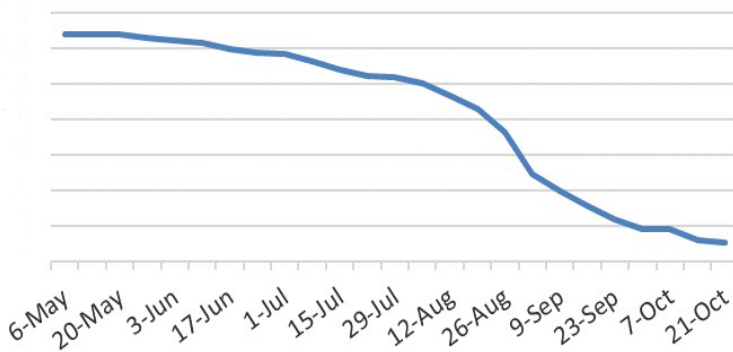
Trade	Capacity Change	WK 40	WK 41	WK 42	WK 43	WK 44	WK 45	WK 46	WK 47
Asia to PN	TEU Adjustment	-68864	-46736	-19190	-23242	-6800	-8600	0	-8600
	Total Number	-9	-6	-2	-4	-1	-1	0	-1
% of Total Capacity Adjustment		-60%	-41%	-17%	-20%	-6%	-7%	0%	-7%

Trade	Capacity Change	WK 40	WK 41	WK 42	WK 43	WK 44	WK 45	WK 46	WK 47
Asia to AW+GC	TEU Adjustment	-130980	-54910	-34660	-24510	-26580	-11242	0	-2970
	Total Number	-15	-7	-6	-3	-3	-2	0	-1
% of Total Capacity Adjustment		-55%	-23%	-15%	-10%	-11%	-5%	0%	-1%

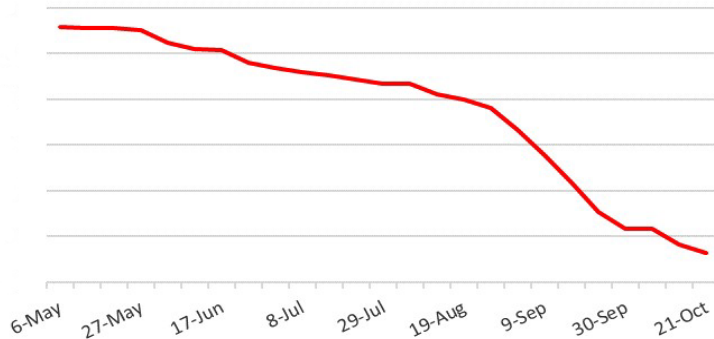
TOTAL ALL USA	Capacity Change	WK 40	WK 41	WK 42	WK 43	WK 44	WK 45	WK 46	WK 47
	TEU Adjustment	-369290	-144162	-99250	-76870	-55690	-28442	0	-11570
	Total Number	-42	-17	-12	-10	-7	-4	0	-2
% of Total Capacity Adjustment		-59%	-23%	-16%	-12%	-9%	-5%	0%	-2%

## SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF OCTOBER 27

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



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



## MARKET OUTLOOK & FORECAST – OCTOBER 27 – NOVEMBER 9

**Carriers are beginning to extend current rates through November 14<sup>th</sup>** as demand remains weaker than overall supply. However, as mentioned earlier we expect the pace of rate erosion to slow in the coming weeks as we get to a lower base and spot rates creep closer toward operational breakeven for the carriers – particularly west coast CY rates. Improved congestion at inland locations, and ***IPI rates which are still higher than historical averages may compel carriers to be more aggressive pricing IPI destinations*** in lieu of driving CY rates down even further from current levels. Based on our estimates, as of late October the transpacific trade remains on average about 13 percent oversupplied – the equivalent of 6 services with average capacity of 12,500 TEU per week.

## FORWARD AVERAGE FAK RATE PROJECTIONS – AS OF OCTOBER 27

