



TRANSPACIFIC EASTBOUND TRADE

MARKET SUMMARY & OUTLOOK

NOVEMBER 25th 2022

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: Despite more service suspensions, TP trade remains some 70,000 TEU over-supplied...
- Demand: First half November 2022 import volumes 20% less than same period in 2021...
- Operational: A fourth labor union (now 4 of 12) has voted against US railroad deal...

STATE OF THE TRADE – NOVEMBER 25, 2022

Asia-to-US West Coast CY rates are beginning to stabilize as spot-rates sink below carriers' operational breakeven levels, but this does not mean that the trade is coming close to supply/demand equilibrium. Despite the impending suspension of a tenth service since August – ZIM & 2M's ZSE service – the trade remains some 70,000 TEU over-supplied. This as first half November Asia-US import volumes have fallen by nearly twenty percent when compared to a year ago, and just 1.5 percent more than November 2019.



IPI ramp rates remained fluid in mid-November – with freight rates to Chicago and Dallas seeing average week-to-week drops this month. East Coast rates in November are seeing similar week-to-week reductions as in October, with no indication that the pace will slow within the remainder of the month. Although West Coast CY rates have stabilized to a degree – its rate floor dropping since November 1st - carriers priced at mid- and upper-tier rate levels continue to adjust their rates in late November, compressing the mid-and upper-tiers closer to the floor level.

A fourth labor union – out of a total of twelve unions working with main US rail carriers on a labor agreement – has rejected the rail carriers' latest proposal, raising the possibility of a strike following the expiry of a cooling-off period on December 4th. The main point of contention appears to be sick leave provisions, and the unions which voted against the contract proposal did so with very small majorities – including the largest single union representing some 28,000 workers – with just 50.87% voting against the proposal. On the West Coast, ILWU members halted vessel operations again – the second time in as many weeks – at Oakland's OICT terminal. Vessel time to berth at the Port of Los Angeles has risen to 4 days from under 2 days earlier in the month despite fewer vessels in queue and lower volume of import full containers – a hint that operations may be artificially slowing there as well.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – NOVEMBER 25


Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 80-90%

Rate Trend next week:  


Asia-to-Pacific Northwest (PNW)

Average Vessel Utilization: 80-90%

Rate Trend next week: 

Asia-to-US East Coast (USEC)

Average Vessel Utilization: 85-90%

Rate Trend next week: 

VESSELS AT ANCHOR – UPDATE AS OF WEEK 47

- Los Angeles / Long Beach: 9 @ anchor
- Oakland: 8 @ anchor
- Seattle / Tacoma: 0 @ anchor
- Vancouver: 1 @ anchor
- Charleston: 0 @ anchor
- Savannah: 30 @ anchor
- New York / New Jersey: 3 @ anchor
- Houston: 12 @ anchor
- Norfolk: 6 @ anchor

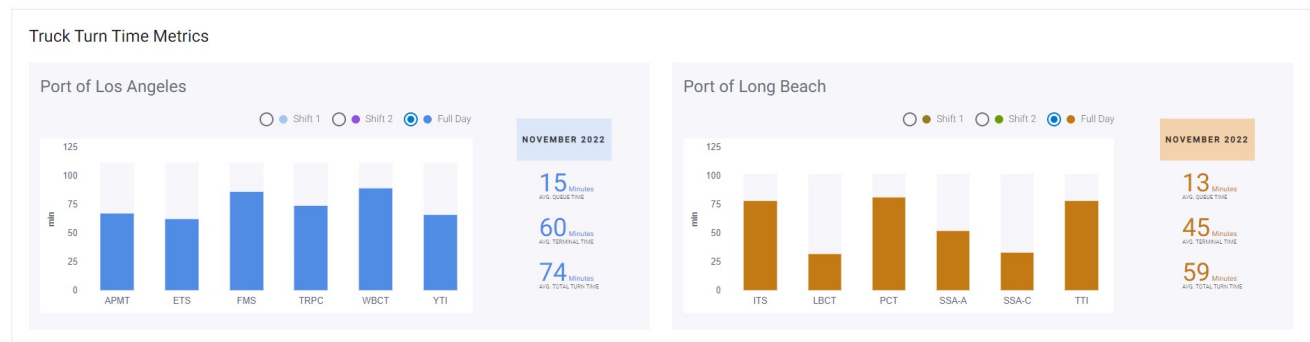
VESSELS AT ANCHOR – 2-WEEK TREND BY PORT

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

PORT OF LA / LB METRICS

- **Average Time Awaiting Berth:** 4 days (+ 2.2 days since last report)
- **30-day Average Time At Berth:** 4.2 days (- 0.1 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 11 Nov
Summary by Trades

Trade	Capacity Change	WK 44	WK 45	WK 46	WK 47	WK 48	WK 49	WK 50	WK 51	WK 52
Asia to PS	TEU Adjustment	-86716	-92646	-50382	-36700	-17200	-32400	-27433	-32680	-22700
	Total Number	-9	-9	-5	-3	-2	-4	-3	-5	-2
% of Total Capacity Adjustment		-34%	-36%	-20%	-14%	-7%	-13%	-11%	-13%	-9%

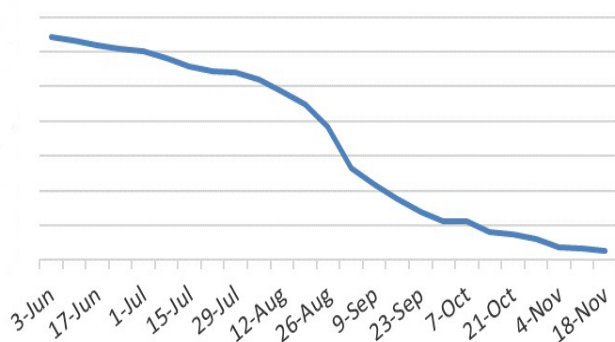
Trade	Capacity Change	WK 44	WK 45	WK 46	WK 47	WK 48	WK 49	WK 50	WK 51	WK 52
Asia to PN	TEU Adjustment	-17910	-49654	-33312	-14580	-31560	-6944	-31913	-1470	-15330
	Total Number	-3	-6	-5	-2	-4	-1	-4	-1	-2
% of Total Capacity Adjustment		-17%	-47%	-32%	-14%	-30%	-7%	-30%	-1%	-15%

Trade	Capacity Change	WK 44	WK 45	WK 46	WK 47	WK 48	WK 49	WK 50	WK 51	WK 52
Asia to AW+GC	TEU Adjustment	-61270	-43052	-79922	-48312	-23672	-42270	-8500	-42620	-8500
	Total Number	-7	-6	-9	-5	-3	-5	-1	-5	-1
% of Total Capacity Adjustment		-26%	-18%	-34%	-21%	-10%	-18%	-4%	-18%	-4%

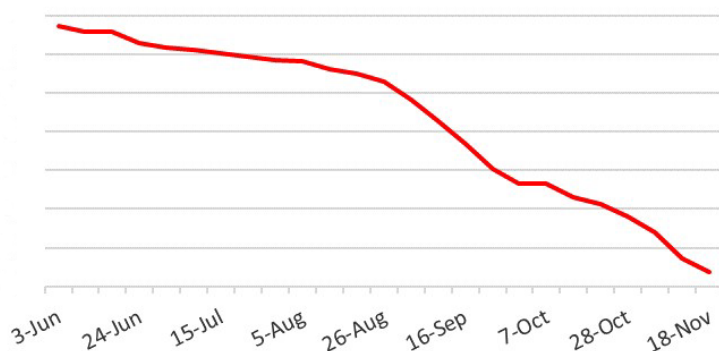
TOTAL ALL USA	Capacity Change	WK 44	WK 45	WK 46	WK 47	WK 48	WK 49	WK 50	WK 51	WK 52
	TEU Adjustment	-165896	-185352	-163616	-99592	-72432	-81614	-67846	-76770	-46530
	Total Number	-19	-21	-19	-10	-9	-10	-8	-11	-5
% of Total Capacity Adjustment		-28%	-31%	-27%	-17%	-12%	-14%	-11%	-13%	-8%

SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF NOVEMBER 25

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



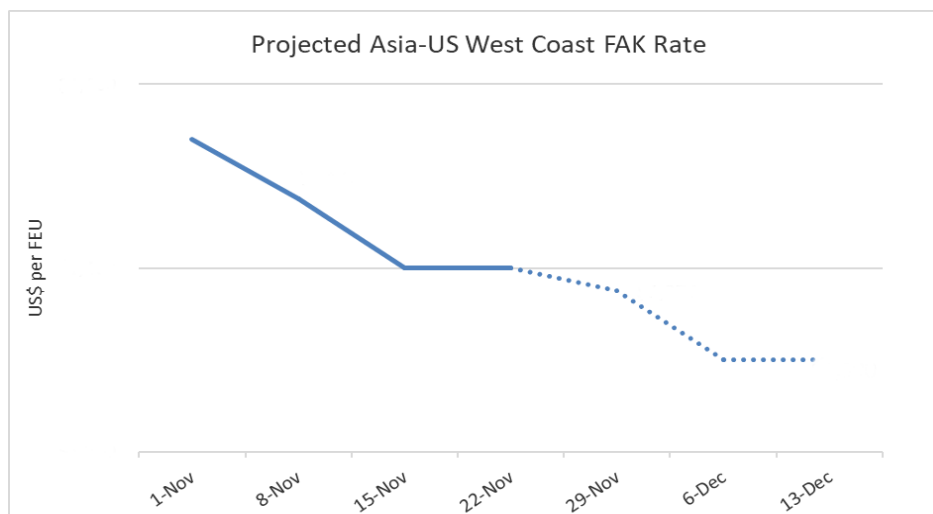
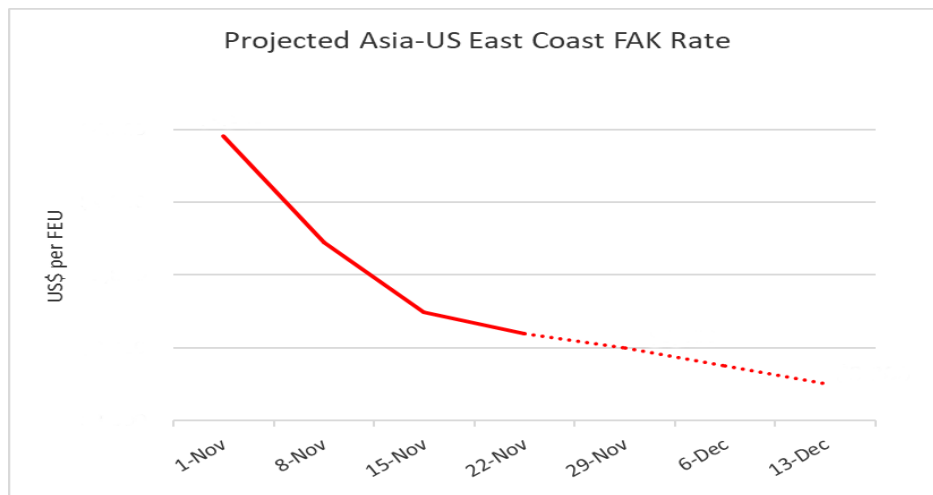
SCFI - Asia to US East Coast (US\$ per FEU)



MARKET OUTLOOK & FORECAST – NOVEMBER 25 – DECEMBER 6

While west coast CY rates look slightly more stable than earlier in November, carriers are unlikely to increase rates on December 1st. Blank sailings will continue to total up to 30 percent (185,000 TEU) of total Transpacific capacity per week, and with the expectation of mildly improved export volumes in December as part of the annual pre-Chinese New Year push, **carrier load factors should improve in December.** As the expiration of the cooling off period between rail carriers and unions nears, there is a renewed sense of anxiety that workers may strike if the two sides cannot come to an agreement before December 4th. As a result, **east coast and gulf bookings may surge in the coming weeks as importers look to hedge.** Rates will continue to soften, but mainly in the IPI and East Coast corridors, where rate levels have some room for reduction but are getting closer to pre-pandemic levels with each passing week. **The potential for further disruption at US West Coast terminals continues** as the ILWU and PMA are still no closer to an agreement on a new contract.

FORWARD AVERAGE FAK RATE PROJECTIONS – AS OF NOVEMBER 25



SPECIAL INSERT – FOCUS INDIA

INDIA – US MARKET UPDATE - NOVEMBER

- 1st half November: US imports from India down -10% compared with 2021
- Rates expected to continue their downward trend in December