

# TRANSPACIFIC EASTBOUND TRADE

## MARKET SUMMARY & OUTLOOK

DECEMBER 9<sup>th</sup>, 2022

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

- Supply: Rumors of more service suspensions and carriers exiting the Transpacific trade...
- Demand: Pre-Chinese New Year exports peak early but rates not increasing...
- Operational: US House of Representatives passes bill to avert US rail strike...

### STATE OF THE TRADE – DECEMBER 9<sup>th</sup>, 2022


Although load factors on Asia-to-US West Coast services are improving in early December – thanks to an early pre-Chinese New Year export boost and continued blank sailings – rates show no signs of increasing before the new year. In just six months the average FAK rate to the US West Coast has dropped by 15%, and while utilizations have improved in early December – many services are full to the west coast – carriers remain challenged to increase rates. With an expected crest of the pre-Chinese New Year export season to come in late December and early January, carriers are running out of time to increase rates before the end of the year. This is especially important since post-Chinese New Year slack season may be much longer than normal. West Coast rates, for their part, have remained relatively stable. East Coast utilizations are softer, and this has been reflected in the rates with new floor levels being introduced on an almost-weekly basis. Volume-wise, containerized imports from Asia in November registered a -21 percent drop compared to October, but December is already seeing a modest bounce-back as bookings strengthen ahead of the new year holiday in January. Still, rates remain unchanged despite blank sailings routinely removing 20-25% of market capacity each week. Questions have emerged about the longevity of the new niche players in the Asia-West Coast trade, as they languish at higher pandemic-level operating costs but at revenues one-eighth of what they were just six months ago.

US Congress cleared legislation to block a possible rail strike ahead of the holiday season. The measure also grants seven days of paid short-term sick leave to union workers, and force binding arbitration on both sides if details cannot be reached within 30 days.

### CARRIER LOAD-FACTORS AND DEMAND TRACKER – DECEMBER 9



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

Average Vessel Utilization: 90-100%

Rate Trend next week: 


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

Average Vessel Utilization: 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 49

- Los Angeles / Long Beach: 7 @ anchor
- Oakland: 10 @ anchor
- Seattle / Tacoma: 0 @ anchor
- Vancouver: 1 @ anchor
- Charleston: 0 @ anchor
- Savannah: 29 @ anchor
- New York / New Jersey: 3 @ anchor
- Houston: 10 @ anchor
- Norfolk: 6 @ anchor

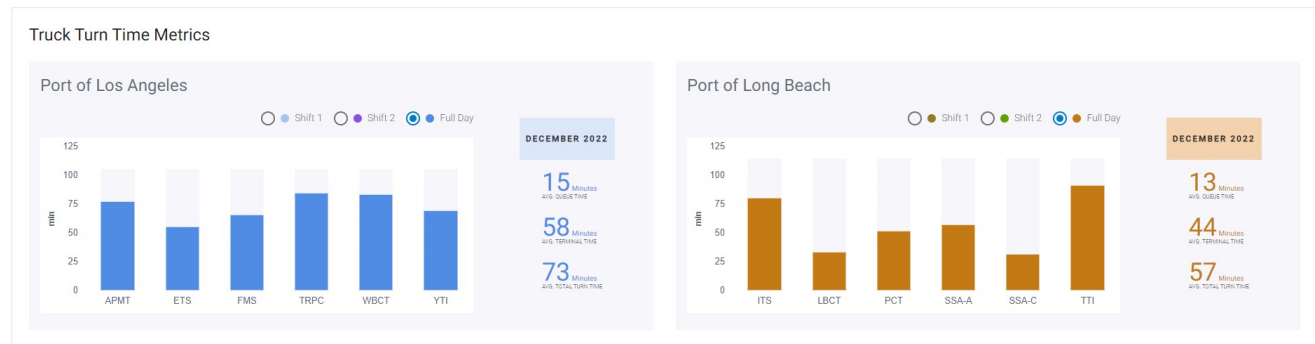
## VESSELS AT ANCHOR – 2-WEEK TREND BY PORT

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

## PORT OF LA / LB METRICS

- **Average Time Awaiting Berth:** 2 days (-2 days since last report)
- **30-day Average Time At Berth:** 4.2 days (+/- 0 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 28 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 | -51510 | -45218 | -53760 | -22700 | -40950 | -48830 |
|                                | Total Number    | -9     | -9     | -5     | -4     | -5     | -6     | -2     | -6     | -4     |
| % of Total Capacity Adjustment |                 | -34%   | -36%   | -20%   | -20%   | -18%   | -21%   | -9%    | -16%   | -19%   |

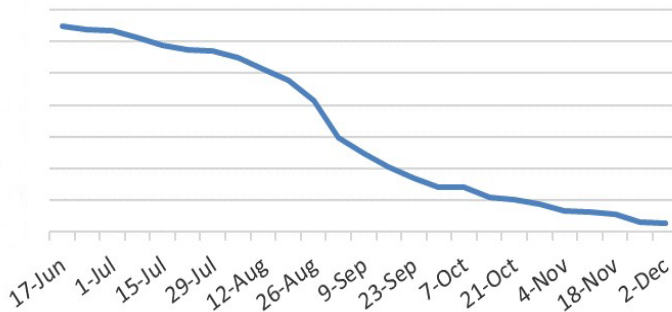
| Trade                          | Capacity Change | WK 44  | WK 45  | WK 46  | WK 47  | WK 48  | WK 49  | WK 50  | WK 51 | WK 52  |
|--------------------------------|-----------------|--------|--------|--------|--------|--------|--------|--------|-------|--------|
| Asia to PN                     | TEU Adjustment  | -17910 | -49654 | -33312 | -14580 | -39020 | -27324 | -42150 | -5850 | -25510 |
|                                | Total Number    | -3     | -6     | -5     | -2     | -6     | -4     | -5     | -2    | -4     |
| % of Total Capacity Adjustment |                 | -17%   | -48%   | -32%   | -14%   | -38%   | -26%   | -41%   | -6%   | -25%   |

| 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 | -46942 | -42270 | -22780 | -42620 | -12753 |
|                                | Total Number    | -7     | -6     | -9     | -5     | -5     | -5     | -2     | -5     | -2     |
| % of Total Capacity Adjustment |                 | -26%   | -18%   | -34%   | -21%   | -20%   | -18%   | -10%   | -18%   | -5%    |

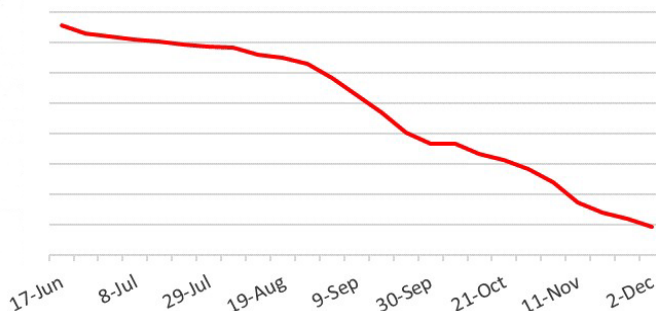
| TOTAL ALL USA                  | Capacity Change | WK 44   | WK 45   | WK 46   | WK 47   | WK 48   | WK 49   | WK 50  | WK 51  | WK 52  |
|--------------------------------|-----------------|---------|---------|---------|---------|---------|---------|--------|--------|--------|
|                                | TEU Adjustment  | -165896 | -185352 | -163616 | -114402 | -131180 | -123354 | -87630 | -89420 | -87093 |
|                                | Total Number    | -19     | -21     | -19     | -11     | -16     | -15     | -9     | -13    | -10    |
| % of Total Capacity Adjustment |                 | -28%    | -31%    | -28%    | -19%    | -22%    | -21%    | -15%   | -15%   | -15%   |

## SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF DECEMBER 9

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



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



## MARKET OUTLOOK & FORECAST – DECEMBER 9 - 20

Load factors to the US West Coast are continuing to improve as pre-Chinese New year demand rises, and carriers have not yet extended current west coast rates beyond the middle of December. For the first time in many months, services to the US West Coast may be overbooked and some rollover may occur as the month progresses. **However, it remains unlikely that carriers will be able to pass a meaningful GRI on December 15<sup>th</sup>, if any at all.** East Coast utilizations will improve but we expect rates will extend into the second half of December with relative ease, as the floor of the east coast market rates continues to decline in early December, and has not yet stabilized for the minimum two-to-three weeks required to signal rate stability. Peak volume weeks will likely be the last week of December and first week of January, so **if carriers fail to raise rates on December 15<sup>th</sup> they may have another small window on January 1<sup>st</sup>.** Following that opportunity, however, slack market conditions may persist for the foreseeable future as many factories are planning minimum one-month hiatus – instead of the traditional 2-3 week break - in light of weaker demand.

## FORWARD AVERAGE FAK RATE PROJECTIONS – AS OF DECEMBER 9

