

TRANSPACIFIC EASTBOUND TRADE

MARKET SUMMARY & OUTLOOK

JANUARY 11th, 2023

KEY DEVELOPMENTS IN THE LAST TWO WEEKS....

- Supply: Blank sailings will crest in Weeks 4 & 5 before returning to 'normal levels' in February...
- Demand: Firm demand ahead of the Chinese New Year holiday but far from past years' peak seasons...
- Operational: Weather and Covid-related delays in China disrupt pre-holiday sailings...

STATE OF THE TRADE – JANUARY 11th, 2023


A year after port congestion and vessel berth delays dominated headlines, cargo flow through US ports and rail facilities in early January 2023 have returned to near pre-pandemic levels. With a combined 60+ vessels backlogged at the ports of Savannah and Houston barely two months ago, the number of ships awaiting berth at the two ports has been reduced to 15 – a result of fewer arrivals (blank sailings), fewer containers to discharge (weaker demand), and thus shorter port stays. December was one of the weakest months for containerized imports to the US in recent memory. Import volumes from Asia last month were down by more than 23 percent compared with December 2021, and even 0.8 percent below pre-pandemic December import volumes. However, the trade is better balanced in recent weeks due to a modest bounce in exports from Asia ahead of the Chinese New Year holiday (January 22) and continued blank sailings – which are routinely voiding 15-percent of the trade's operating capacity per week. Rates to the US West Coast and IPI destinations remain firm. East Coast rates, on the other hand, remain wobbly ahead of the holiday and SCFI index rates have dipped below the FEU level. The weekly average decline of Asia-to-US East Coast base port rates has slowed in recent weeks since early December. However, with rates not yet stabilized just two weeks before the holiday, it appears increasingly likely that carriers will go into mid/late January with underutilized ships to the US East Coast.

Although operational conditions at US ports and rail ramps continue to improve, late December and early January sailings from Asia were disrupted and delayed by adverse weather conditions in major ports like Shanghai and Ningbo, while rolling Covid outbreaks in multiple locations in China affected terminal and landside transportation manpower. This lower productivity drove up the average stay at-port for most vessels in the last two weeks, and, consequently the number of ships at anchorage has increased as well.

CARRIER LOAD-FACTORS AND DEMAND TRACKER – JANUARY 11th


Asia-to-Pacific Southwest (PSW)

Average Vessel Utilization: 95-100%

Rate Trend next week: 



Asia-to-Pacific Northwest (PNW)

Average Vessel Utilization: 95-100%

Rate Trend next week: 

Asia-to-US East Coast (USEC)

Average Vessel Utilization: 90-95%

Rate Trend next week:  

VESSELS AT ANCHOR – UPDATE AS OF WEEK 2

- Los Angeles / Long Beach: 5 @ anchor
- Oakland: 3 @ anchor
- Seattle / Tacoma: 0 @ anchor
- Vancouver: 0 @ anchor
- Charleston: 1 @ anchor
- Savannah: 7 @ anchor
- New York / New Jersey: 2 @ anchor
- Houston: 8 @ anchor
- Norfolk: 10 @ anchor

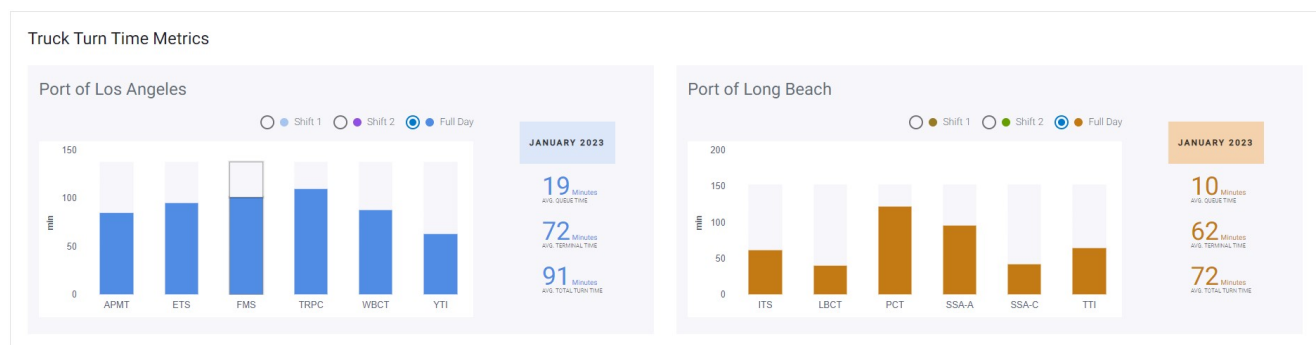
VESSELS AT ANCHOR – 2-WEEK TREND BY PORT

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

PORT OF LA / LB METRICS

- **Average Time Awaiting Berth:** 1 days (- 1 day since last report)
- **30-day Average Time At Berth:** 4.6 days (+0.6 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 08 Jan Summary by Trades

Trade	Capacity Change	WK 3	WK 4	WK 5	WK 6	WK 7	WK 8	WK 9
Asia to PS	TEU Adjustment	-49060	-135170	-106300	-53000	-38600	-36800	0
	Total Number	-7	-17	-13	-7	-4	-4	0
% of Total Capacity Adjustment		-19%	-52%	-41%	-20%	-15%	-14%	0%

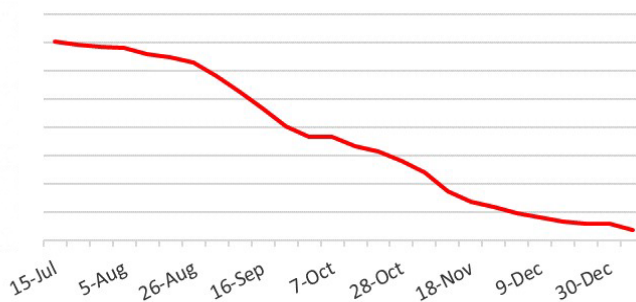
Trade	Capacity Change	WK 3	WK 4	WK 5	WK 6	WK 7	WK 8	WK 9
Asia to PN	TEU Adjustment	-11980	-65034	-35674	-42990	-5800	-30650	0
	Total Number	-3	-9	-6	-6	-1	-3	0
% of Total Capacity Adjustment		-12%	-64%	-35%	-43%	-6%	-30%	0%

Trade	Capacity Change	WK 3	WK 4	WK 5	WK 6	WK 7	WK 8	WK 9
Asia to AW+GC	TEU Adjustment	-45560	-151180	-111590	-18910	-59450	-33780	-37410
	Total Number	-6	-17	-11	-2	-5	-5	-3
% of Total Capacity Adjustment		-19%	-63%	-46%	-8%	-25%	-14%	-16%

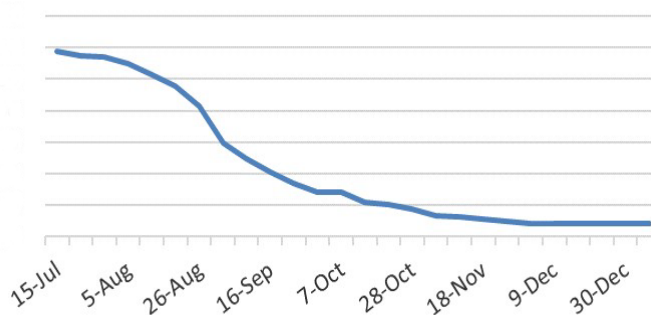
TOTAL ALL USA	Capacity Change	WK 3	WK 4	WK 5	WK 6	WK 7	WK 8	WK 9
	TEU Adjustment	-106600	-351384	-253564	-114900	-103850	-101230	-37410
	Total Number	-16	-43	-30	-15	-10	-12	-3
% of Total Capacity Adjustment		-18%	-58%	-42%	-19%	-17%	-17%	-6%

SHANGHAI CONTAINERIZED FREIGHT INDEX AS OF JANUARY 11th

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



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



MARKET OUTLOOK & FORECAST – JANUARY 11 - 24

The lead up to the Chinese New Year holiday has been underwhelming to this point. Trade conditions this and next week will be far from past pre-holiday peaks, with ample space and minimal rollover. **Asia-to-US West Coast and IPI rates will not decline much (if at all) in the two remaining weeks before the holiday as load factors remain strong but not oversubscribed.** However, **Asia-to-US East Coast dynamics are not as balanced, and we should expect more downward rate pressure prior to the holiday as load factors are still sub-optimal.** Weeks 4 and 5 – the last two weeks of January, will see more than 50 percent of Transpacific capacity cancelled due to blank sailings. Despite this, a severe downturn in short term demand and a slow recovery after the holiday will keep pressure on spot rates.

FORWARD AVERAGE FAK RATE PROJECTIONS – AS OF JANUARY 11th

