

Weekly Market Update

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Latest News

Port of Montreal operations resume gradually. Reestablishing the normal flow of goods will take several days, port says. Operations at the Port of Montreal are normalizing, following passage by the House of Commons of an Act to provide for the resumption and continuation of operations. Under the Act, port operations were set to resume gradually on Saturday. The process established by the legislation will lead to establishing a new collective agreement between the parties, with no possibility of work stoppages. While a prior settlement between the parties would have been preferable, the Port said in a statement, the strategic character of port operations has led to a decision that highlights the need to resume this major economic activity "This new turning point lets the Port of Montreal regain stability and the capability to fulfill its strategic role as a public service without long-term interruptions. This role is especially important while we are still in the middle of a pandemic," said Martin Imbleau, president and CEO of the Montreal Port Authority. "Our priority now is to plan for the resumption of port operations and to ensure efficient and seamless service not only to local importers and exporters, but also to our ultimate client, the public, as quickly as possible." Every day, an average of \$275 million worth of goods move through Port of Montreal docks, ranging from agri-food products, pharmaceuticals and construction equipment to flagship products exported by local companies.

Air Freight

TIACA releases the industry's first sustainability report. As part of TIACA's Sustainability program, launched in November 2019, the organization performed a widespread industry survey involving supply chain partners from across the globe and from each industry sector and business size. The results have been analyzed and published to form a "ground zero" assessment by which future progress can be measured. The report's findings will also feed TIACA's overall sustainability strategy and support enhanced work programs addressing each of the organizations three key areas: People, Planet, Prosperity, supported by innovation and partnership

Sea Freight

No relief: Global container shortage likely to last until 2022. Equipment lessors continue to see low inventories and extremely high prices. The world does not have enough containers in the right places to handle cargo demand. It's a conundrum that has persisted for so long that the mainstream press is finally covering it. The New York Times reported Friday how the box shortfall is contributing to inflation: "Demand ... has outstripped the availability of containers," while the U.S. pandemic situation has eased to the point where retailers can pass along higher transport costs to consumers without being accused of price gouging — and "the cost of just about everything is rising." Many months after the container shortage first emerged, how bad does the problem remain? Equipment leasing companies are in a good position to answer that. These companies order containers from the very small number of Chinese manufacturers that build them and lease the boxes to shipping lines, which also order from factories directly. Two of the top public leasing companies — Triton International (NYSE: TRTN) and CAI International

(NYSE: CAI) — commented on container availability as they reported Q1 2021 results on Thursday. Generally speaking, the more profitable the market conditions for container lessors, the tighter box capacity is and the more cargo shippers must pay liners for transport. The bad news for U.S. importers and exporters: Equipment lessors see smooth sailing ahead, likely into 2022. “There’s no indication from the shipping companies that they expect to see any easing of the tightness of supply that they’re dealing with,” said Tim Page, interim CEO of CAI International, on the call with analysts. “So ... the horizon looks pretty good for us, at minimum through the end of this year, and likely well beyond that.”

Port of Montreal volumes down for first time in seven years. Pandemic, dockworkers strike and rail blockade all hit the port in 2020. The Covid-19 pandemic, a dockworkers strike and a rail blockage hit the Port of Montreal, which saw its cargo volumes fall in 2020 for the first time in seven years. The port says its volumes fell 14 percent to 35.1 million tonnes last year. As a result, its net profit was cut almost in half to \$16.7 million, compared with \$31.9 million a year earlier, the port said at its annual meeting. The plunge was mainly attributable to lower operating revenues, which fell 10 per cent to \$116.6 million, while expenses remained stable at \$99.9 million. Volumes in the “liquid bulk” sector recorded the largest decline, fell 24 percent to 12.4 million tonnes, due to a drop in demand for petroleum products from pandemic lockdowns. “Dry bulk” volumes fell nine per cent to 8.4 million tonnes, mainly due to slowdowns in the construction and automotive sectors. The agri-food industry was not impacted by the pandemic due to bumper grain crops in Western Canada and soybeans in Quebec and Ontario. The number of containers in transit also fell by 5.5 percent to 14.3 million tonnes or more than 1.6 million TEUs (twenty-foot equivalent units) moving through the port’s five container terminals. The cancellation of the cruise season also hurt the federal agency. Striking dockworkers returned to work Sunday after the legislation was approved by the Senate on Friday night. However, the Maritime Employers Association said it would take several days for business to resume to normal levels.

Trucking

New Brunswick orders out-of-province truckers to isolate. New Brunswick is asking all out-of-province truck drivers to isolate in their vehicles as much as possible. The mandatory order issued on April 30 has been issued in an attempt to contain the Covid-19 virus. The order states, “On each occasion a non-resident commercial truck driver operates within New Brunswick to either deliver or pick up goods or transverse to Nova Scotia, P.E.I., Maine, or Quebec, they must, while in New Brunswick, isolate as much as possible in their vehicle while satisfying the essentials of life such as fuel, food, washroom use, emergency health care, and must avoid all unnecessary contact with people and follow all guidelines of the Chief Medical Officer of Health.” The order, signed by the province’s minister of justice and public safety, will be reviewed for compliance on an ongoing basis and the minister reserves the right to make additional orders as required for the health and safety of New Brunswickers. The Atlantic Provinces Trucking Association and the Canadian Trucking Alliance are encouraging all drivers to comply with this order to the best of their ability.

Market Sources

<https://www.freightwaves.com/news/no-relief-global-container-shortage-likely-to-last-until-2022>

<https://www.insidelogistics.ca/business-operations/port-of-montreal-volumes-down-for-first-time-in-seven-years-175650/>

<https://www.insidelogistics.ca/port-operations/port-of-montreal-operations-resume-gradually-175623/>

<https://www.trucknews.com/regulations/new-brunswick-orders-out-of-province-truckers-to-isolate/1003150832/>

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Kintetsu World Express is continuously monitoring the situation and will provide further updates as the information becomes available.

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