

Weekly Market Update

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Sea Freight

Container line schedules take another hit as port congestion in China spreads. Yantian International Container Terminal (YICT) has extended its export suspension until Monday, as port congestion worsens throughout China. The Shenzhen gateway was due to resume accepting export containers today, following a two-day suspension starting Tuesday evening. However, according to an update from Maersk, it was extended yesterday for a further 72 hours, with container gate-in times reduced from four to three days of a vessel's estimated time of arrival (ETA), from 31 May until 6 June. Maersk noted: "A few more Covid-19 positive cases were reported in YICT. Consequently, all operations in western area remain suspended. "Operation in the eastern area, where mother-vessels mainly berth, remains but with low productivity. We see terminal congestion and four-to-five days of vessel delays in the coming week." While import operations are still running at Yantian, carriers have already begun omitting the port, according to Hong Kong-based Akhil Nair, VP global carrier management and ocean strategy at Seko Logistics. "It's not a good situation at all," he told The Loadstar. "With no exports coming out, we've seen a couple of carriers bound for the US skip Yantian and go straight up to Ningbo, because they don't want to wait." Indeed, Norman Global Logistics said today there were 27 vessels waiting for a berth at Yantian. On the land side, Mr. Nair said, there was still a "hell of a lot" of traffic around the port, meaning fewer trucks available because they can't turn and do additional trips. Furthermore, the decision to reduce gate-in times to three days of a vessel's ETA would exacerbate equipment shortages, he added. "The challenge here is that you have a knock-on effect because there's not enough equipment to start with, and carriers are releasing empty containers, in some cases only three-to-five days before the ETA. For anybody not in the local area, that could pose a challenge. It's a vicious cycle," he said.

Calm before the storm: box rates set for new surge as carriers prepare new GRIs. Container freight rates on the main east-west trades continued at elevated levels this week, although some routes began to see pricing tail off. Today's reading of the Freightos Baltic Index shows the spot rate between Asia and the US east coast slip to \$7,358 per 40ft, down from \$7,477 per 40ft last week. And transatlantic shippers saw spot rates on the North Europe-US east coast trade, which had doubled since beginning of April, decline to \$4,076 per 40ft, from \$4,274 last week. Meanwhile, the transpacific trade from Asia to the US west coast saw the FBX spot rate effectively flat, at \$5,379 per 40ft. However, for European shippers and forwarders on ex-Asia trades, it was another week of pain. The FBX spot rate for Asia-North Europe climbed 9.1%, to reach \$9,871 per 40ft, while Asia-Mediterranean climbed 6.1%, to \$10,214 per 40ft. Meanwhile, Drewry's World Container Index's (WCI) reading of the Shanghai-Rotterdam leg stood at \$10,174 per 40ft, a 3% gain on last week. The reality, of course, is that many customers are paying far more than these rates, as carriers are increasingly levying extra charges such as space guarantees, which can easily reach \$1,000 per box. "The actual price for a 40ft high-cube ex-China to the UK is now \$13,000-\$14,000, and I think it is possible we will reach \$15,000," one UK forwarder told The Loadstar this week. "The rates are too high," he added. "We are now seeing shippers cancel orders because the freight rates cancel out their margins, and the whole situation has become really worrying, because I think this will lead to business failures and a lot of pain for the general economy down the road." And while the transpacific and transatlantic

might have been relatively calm, in terms of price movements, last week, next week is expected to see a new raft of general rate increases on those trades, and spot rates could soar once more.

US import boom hits new heights, with ships queueing to enter congested ports. Congestion levels at the major North America container gateways are now expected to persist until the summer, as the consumer-driven import boom continues. April set new records, according to new data from PIERs, which recorded 31% year-on-year growth in containerized imports to the US from Asia. It said 1.57m teu arrived from Asia last month, the most on record, and it was the tenth consecutive month for year-on-year growth. "The container import boom shows no sign of slowing as lockdown eases. This high volume is set to stay with us for the months ahead as the economy recovers," said Brendan Neary, associate director PIERs by IHS Markit. The Los Angeles/Long Beach gateway has borne the brunt of the import surge and, during the first months of the year, has already handled 3.1m teu, an increase of 46% on the same period last year, PIERs said. However, US east coast ports, which handle a large volume of imports from South-east Asia via the Suez Canal, saw their market share from Asia drop slightly to 33% in the first four months of 2021, compared with the same period in 2020. A Hapag-Lloyd customer advisory this week warned US importers and forwarders: "All [west coast] terminals are extremely congested due to the spike in import volumes and, based on current projections, the congestion is expected to last until through the summer."

Trucking

ArriveCAN uptake remains low as vaccine passports discussed. Only 12% of truck drivers crossing into Canada have registered personal information using the ArriveCAN app, and the Canadian Trucking Alliance (CTA) is warning that today's verbal declarations are only a temporary measure. The limited uptake is seen as particularly troubling as the federal government looks to align with the European Union and other nations to develop digital proof of vaccinations. "Although the use of ArriveCAN to digitally store and present proof of vaccination has been mentioned by federal officials, no formal announcement has been made yet regarding the use of 'vaccine passports' or its potential implications on travelers, such as truck drivers," the CTA stresses. But the Public Health Agency of Canada has since February required all travelers crossing into Canada to supply data including contact information, travel details, and Covid-19 symptoms. That includes truck drivers. Earlier this month, Prime Minister Justin Trudeau told media that Canada may require international travelers to supply proof of Covid-19 vaccinations before entering the country. The federal government is looking to align its policies with international allies, he added. In an April briefing for media, White House press secretary Jen Psaki said the U.S. had no plans to introduce a vaccine passport of its own. "The government is not now, nor will be, supporting a system that requires Americans to carry a credential," she said, as reported by CTV News. "There will be no federal vaccinations database and no federal mandate requiring everyone to obtain a single vaccination credential." Canadians seem to favor the idea of showing such proof at the border, however. In a recent Ipsos survey, 78% agreed that all travelers entering Canada should be required to have a vaccine passport. The view was shared by 71% of those surveyed in the U.S. The survey questioned 1,000 people in Canada, and 2,000 individuals in the U.S.

Market Sources

<https://theloadstar.com/container-line-schedules-take-another-hit-as-port-congestion-in-china-spreads/>

<https://theloadstar.com/calm-before-the-storm-box-rates-set-for-new-surge-as-carriers-prepare-new-gris/>

<https://theloadstar.com/us-import-boom-hits-new-heights-with-ships-queueing-to-enter-congested-ports/>

<https://www.trucknews.com/transportation/arrivecan-uptake-remains-low-as-vaccine-passports-discussed/1003151183/>

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