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Weekly Market Update

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Latest News

Air freight analysts report that global air capacity in September decreased 25% year-over-year, putting the industry on-track in its recovery from springtime lockdown. But carriers are still bleeding revenue and reporting losses, and some within the industry believe more airline closures are on the way. Tourism sectors across Asia are pushing for more travel bubbles at resort destinations but a resurgence in outbreaks may nip government considerations and traveler confidence for a while longer. Prolonged container disparities across the globe have been further impacted by worker shortages, outbreak-related port lockdowns, raging typhoons in Asian waters, and hurricanes in the Gulf of Mexico—and now global shipping lines are taking matters into their own hands by imposing container fees and port congestion surcharges to alleviate shipper demand. Gone are the weeks of blanked sailings though, as capacity is continually added to the busiest transpacific and Asia-Europe lanes.

Air Freight

Shippers must forecast their freight capacity needs better, say forwarders. Shippers must become more accurate with their forecasting, say forwarders, particularly when it comes to air freight. Flexport's head of air freight, Neel Jones Shah, urged shippers last week: "You need to plan ahead for 2021. You don't have the luxury of air cargo capacity sitting on the sidelines; you have to get it right. And you need to ask your forwarder if it has the right mix of capacity available for you." He also warned: "You need to increase your supply chain budget. Rates will be elevated; costs will be higher. And you need to be open to creativity, which has never been more critical. It's time to challenge the status quo." One senior European air freight forwarder told The Loadstar: "The industry will come back after COVID-19, but things will be different. "I'd like to see airlines, forwarders and shippers working closer together on forecasting, to help the entire planning process. With no passengers now, shippers will have to pay to make the operation profitable, and they will learn from that."

Global air cargo capacity declined 20% in the last two weeks compared to last year. Air cargo capacity continues to recover, although at a slow pace, going from -21% in September to -20% for the last two weeks. Global air cargo capacity is at its lowest percentual decline since mid-March.

Freighter capacity decreased ~5% last two weeks compared to the two prior weeks, as freighter capacity dips during China's Golden week. International widebody belly capacity continues to recover slowly, although it is still at -63% compared to the same period previous year.

Maintenance of B777 and B747 freighters has peaked in preparation of the Q4 peak season: B777Fs and B747Fs are temporary taken out of service during China's Golden Week, although noticeably less than previous years. Roughly two thirds of decreased freighter capacity during Golden Week is taken out between Northeast Asia and Europe.

B777 and B747 freighters see a consistent double-digit increase of daily utilization in 2020. Transpacific and Intra-Asia trade lanes benefit most from the increased utilization of large widebody freighters

Sea Freight

Cargo levels remain below 2019 at key European, Asian airports. Three major cargo airports in Asia and Europe continue to lose volume because of the paucity of passenger flights during the coronavirus pandemic, but the situation is marginally better than in early summer. Hong Kong International Airport, the largest cargo airport in the world, has gradually increased freight volumes since the bottom of the COVID crisis earlier this year, but September volumes slipped slightly from the prior month. The Hong Kong Airport Authority said cargo tonnage fell 4.4% year-over-year, to 380,000 tons, despite a 25% spike in freighter movements. In August, cargo volume contracted 3.5%. For the year, cargo is down 8.5%. The main culprit is the lack of passenger flights. Only 100,000 passengers passed through Hong Kong's airport in September, 98% fewer than the prior year. The Hong Kong government has maintained some of the strictest entry restrictions in the world for non-residents, as well as immigration restrictions and quarantine measures for travelers. The lack of passenger flights has primarily impacted transshipments from the region. Cargo throughput to and from Southeast Asia and Mainland China experienced the most significant decreases during the month.

Container slots sell out, risking holiday 'shipageddon'. No respite yet for trans-Pacific container-shipping demand frenzy. "The ships are 100% full. The containers are 100% full. You can't get a container built. You can't pick up a ship from the spot market. The whole container-shipping cycle is at absolutely full pulse," exclaimed Jeremy Nixon, CEO of Ocean Network Express (ONE), the world's sixth-largest container line. October's ocean container market is "unbelievable," said Nixon during an International Chamber of Shipping (ICS) virtual event last week. "We are sold out," he revealed. "Our job now is to keep the network going from an operational standpoint," Nixon continued. "The ports are getting jammed up now. We're starting to see bottlenecks in the supply chain. That's another challenge going into this winter."

Port of LA files best September despite lagging exports. Best quarter in 114 years follows pandemic lows and results in year-over-year volume decline. The Port of Los Angeles recorded its best September in the gateway's 114-year history last month. The 888,625 twenty-foot equivalent units (TEUs) processed, a 13.3% year-over-year increase, contributed to the third quarter becoming the single-best quarter on record, with more than 2.7 million TEUs moved. Port of LA Executive Director Gene Seroka said an average of 900,000 TEUs were moved per month in the third quarter. "It's a big upswing from what we … were used to seeing in just the first six months of 2020, when we averaged a little bit more than 627,000 TEUs per month. This is about a 30% increase in the run rate we witnessed in the first half of the year." As volumes have returned after the height of the coronavirus pandemic, canceled — or blanked — sailings have ebbed. "In September we welcomed 97 ship arrivals with no canceled sailings," Seroka said during a press briefing Wednesday. "We also saw 11 ad hoc — or unscheduled — sailings that were put in motion due to demand." He said the Port of LA counted 66 canceled sailings this year through the end of September. To meet rising import demand, there have been 31 ad hoc sailings. "So, we're still only about halfway to recovering from all of those vessel visits that were canceled in the first half of the year."

Port of Halifax Returning to Normal Fluidity. The Port of Halifax is well on its way to restoring normal fluidity at its two container terminals arising from additional volume in recent weeks brought on by industrial action in Montreal and a surge of imports. On October 5th and October 12th, two vessels lifted out 1,800 diverted containers back to the Port of Montreal. This alleviates congestion at both terminals and allows more intermodal imports and exports to flow as usual by rail. With the above action and CN's commitment, the port expects the remaining diverted cargo to be moving by the end of the week. Meanwhile, regular Halifax-discharge and loading cargo continues with the full cooperation of the longshore labour force, the trucking community, the terminal operators, and CN Rail.

'We're sold out' says ONE, but we all face new hurdles in 'this incredible year' As container shipping's rollercoaster year continues a steep climb, one senior carrier executive has declared: "We're sold out." Jeremy Nixon, CEO of Ocean Network Express (ONE), said 2020, with global lockdowns and subsequent swings in demand, had been an "incredible year". "I don't think we've ever seen anything like this," he said during an International Chamber of Shipping webinar. "China went down [with the virus] very, very fast, and then, just as they were getting better, we had destination countries going through the same kind of shutdowns. "So we had this incredible wave of change, which meant we had to shut down capacity, move ships around, move containers to the right places and try and understand what was going on and what customers needed, when and where."

Transport Canada announces Port of Trois-Rivières investment Federal transportation agency also announces new rail safety measures. The Canadian government is investing C$33.4 million (US$25.5 million) to construct a terminal west of the Port of Trois-Rivières in the hopes of relieving congestion in the area. The 100,000-square-meter terminal will be for the transshipments of dry and liquid bulk and general cargo, according to Transport Canada. The project, dubbed Terminal 21, will also include the construction of a wharf and road and rail access roads, as well as storage space. fficials hope the project will eliminate bottlenecks and ensure the efficient transfer of goods between road, rail and maritime modes, Transport Canada said. Government support for the project is part of Canada's wider effort to support infrastructure projects that have the potential to bolster international trade. The Canadian government has invested more than $180 billion over 12 years on such projects.

Trucking

CBSA to Remove Truck Turnaround Policy for Major ACI AMPs Offenses on Nov. 2. The Canadian Trucking Alliance (CTA) was informed by the Canada Border Services Agency (CBSA) the truck turnaround pilot for major Advanced Commercial Information (ACI) related offenses will be removed at all ports of entry on November 2, 2020 in the highway mode. The truck turnaround policy was first put in place as a collaborative effort by CBSA and CTA in 2017, because of the frequency and severity of administrative monetary penalties (AMPs) that were being issued by CBSA to carriers crossing the border. The turnaround allowed carriers to avoid costly monetary penalties for failure to submit ACI data by allowing a truck driver to return to the U.S. and submit their paperwork before entering Canada. Since the policy was first implemented, CBSA and CTA have been working jointly to address concerns around compliance and issues with the AMPs regime expressed by carriers across the country. During this time, compliance levels in the industry have continued to increase, with CBSA implementing additional measures and conducting extensive outreach to better educate and work with carriers before monetary penalties are issued. CBSA believes it has made the necessary changes to their compliance framework to address the concerns expressed by the trucking industry, including the central review of penalties and increased outreach on compliance issues, to effectively deal with the minority of carriers that have recurring issues. The Alliance will continue working with CBSA over the next several months to monitor CBSA's approach to ensure that regression in compliance or the unwarranted issuing of penalties from the agency, do not become a recurring issue.

Market Sources

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https://theloadstar.com/were-sold-out-says-one-but-we-all-face-new-hurdles-in-this-incredible-year/

This announcement applies to all Kintetsu World Express Transportation Services, including our Air Freight, Sea Freight, Ground Freight and Logistics. Kintetsu World Express is continuously monitoring the situation and will provide further updates as the information becomes available.

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