

## Weekly Market Update

Version: 48 → Date: 12-22-2020

### Latest News

**Ontario Announces Provincewide Shutdown to Stop Spread of COVID-19 and Save Lives.** TORONTO — As COVID-19 cases continue to rise at an alarming rate, the Ontario government, in consultation with the Chief Medical Officer of Health and other health experts, is imposing a Provincewide Shutdown. Additional restrictions will be put into place and reinforce that Ontarians should stay at home as much as possible to minimize transmission of the virus and prevent hospitals from becoming overwhelmed. The Provincewide Shutdown will go into effect as of Saturday, December 26, 2020, at 12:01 a.m. Details were provided today by Premier Doug Ford, Christine Elliott, Deputy Premier and Minister of Health, Stephen Lecce, Minister of Education, Dr. David Williams, Chief Medical Officer of Health, and Dr. Naveed Mohammad, President and CEO, William Osler Health System. "The number of daily cases continue to rise putting our hospitals and long-term care homes at risk," said Premier Ford. "We need to stop the spread of this deadly virus. That's why, on the advice of Dr. Williams and other health experts, we are taking the difficult but necessary decision to shutdown the province and ask people to stay home. Nothing is more important right now than the health and safety of all Ontarians."

### Air Freight

**Air freight rates and market volatility in 2020 – 'can things get any stranger?'** "Calling the air cargo market 'hot' would probably be the understatement of the year," noted WorldACD on Friday. "Nearing the end of 2020, the world looks back at a year like no other in most people's memories," it added. "Air cargo was no exception: the usual trends, established over many years, were no guidance at all for what actually happened. Volatility, both in volumes and in rates, has been the order of the day in many markets." However, WorldACD said November saw a fairly typical (for 2020) volume decline of 12.6%, year on year – but rates rose at their fastest since "the crazy months of April and May". November rates were up 79% year on year and up 11.2% on October – a more 'normal' rise between October and November would be 4%. Volumes, however fell 2% month on month, capacity rose 1% from October and, although freighter capacity fell 1%, belly capacity rose 3%. Asia Pacific was the only region to see origin volume growth between October and November, up 3.2%. Shipments above 5,000 kg grew year on year, while smaller weight brackets fell between 16% and 29%, possibly reflecting the amount of PPE that flew this year. And, added WorldACD, "the grimmest November statistic was this: the transport by air of human remains grew by 8% year on year". The data company added a few November records: highest average rate was Hong Kong to the US Midwest at \$6.88 per kg; highest percentage year-on-year increase was UK to US north-east, up 289%; China east to the US Midwest saw the highest absolute yearly change, up \$3.43; and the highest monthly change was South Korea to Germany, which rose 58%.

**Global international capacity fell by 20% year-to-date (Jan-Nov, compared to last year),** or 14 million tonnes of international point-to-point capacity uplift. Point-to-point leg capacity of widebody passenger aircraft fell by 19 million tonnes, with airline and integrator freighters compensating 5 million tonnes. Direct international widebody belly cargo capacity decreased by as much as 82% YoY (more recently ~60%), after the majority of widebody passenger aircraft were grounded from March onwards. Major shifts in the world's largest (international) cargo airports (measured by international capacity), with Incheon, Anchorage,

Leipzig and Liege the four major airports to show an increase in international capacity, as the other airports in the world's top-16 all saw decreases. Unsurprisingly, passenger-reliant airports showed the largest decreases. Since April, carriers have operated more than 400,000 passenger-freighter flights, enabled by high yields. After international capacity remained stable in Q1, Q2-Q4 capacity fell 26% YoY; Transpacific capacity was least affected due to strong freighter presence and demand for Personal Protective Equipment (PPE). Despite these flights, around 1,300 widebody passenger aircraft remain parked, with some aircraft types (e.g., A380 and B747) unlikely to return. Capacity recovery in 2021 depends strongly on global distribution of vaccines, with vaccines anticipated to generate around 60,000 tonnes of air freight demand in the coming 2-3 years.

## Sea Freight

**Container ships suffer record delays as demand spikes. Container service delays are more frequent** — and delays are getting longer. You need your ocean cargo ASAP. You know which container ship it's on. What's the chance that your ship arrives at the port on schedule? For the answer, flip a coin. Heads: The ship will dock on time. Tails: It'll be late — possibly very late. On Thursday, Copenhagen-based Sea-Intelligence released its Global Liner Performance Report for November. It found that average global carrier schedule reliability across 34 trade lines fell to just 50.1% last month. It is the worst global score recorded since Sea-Intelligence introduced its reliability measure in 2011. The second- and third-worst scores were recorded in September and October. The year-on-year decline has been precipitous. In November 2018 and 2019, carrier services were far more reliable, averaging 75.5% and 80% reliability, respectively. The November data was particularly ominous for U.S. importers. Asia-U.S. reliability was far below the global average. Trade-lane stats are analyzed on a two-month rolling basis. For October-November, on-time arrivals were down to 28.6% in the Asia-West Coast trade and 26.4% in the Asia-East Coast trade. In other words, for U.S. importers, it's not a coin toss. The chance of avoiding ocean delays is less than one in three. This could get worse before it gets better. American Shipper asked Sea-Intelligence CEO Alan Murphy whether reliability could hit new lows by January, amid the pre-Chinese New Year rush.

## Trucking

**OTA: Trucking Remains Operational During Province-Wide Shutdown.** The Ontario government, in consultation with the Chief Medical Officer of Health and other health experts, announced it is imposing a provincewide shutdown. According to details the government announced today, the new shutdown does not change the operations of most businesses which have been deemed to be essential services, like trucking. While the province did slightly narrow the list of essential businesses, trucking – as well as other “businesses and facilities that provide transportation services” – will remain open. The shutdown, which will go into effect as of Saturday, December 26, 2020, at 12:01 a.m., effectively extends lockdowns that have been in place in five regions (Toronto, Peel Region, York Region, Windsor-Essex and Hamilton) to every region in the province. The measures will be in place for 14 days in Northern Ontario and 28 days in Southern Ontario, at which point officials will determine whether to lift any restrictions or if they need to be extended. While employers in all industries are being asked to make every effort to allow employees to work from home, essential services will be able to remain operational, including trucking. Non-essential services will have to close and can remain operational only through curbside pickup and delivery.

## Market Sources

<https://ontruck.org/ota-trucking-remains-operational-during-province-wide-shutdown/>

<https://news.ontario.ca/en/release/59790/ontario-announces-provincewide-shutdown-to-stop-spread-of-covid-19-and-save-lives>

<https://theloadstar.com/air-freight-rates-and-market-volatility-in-2020-can-things-get-any-stranger/>

*DISCLAIMER - All information is provided in good faith for guidance and reference purposes only. It is of a general informational nature, and KWE Canada takes no legal responsibility for the accuracy of the information provided via this document. KWE Canada makes no representation as to the accuracy or completeness of any of the information contained herein and accepts no liability for any loss arising from the use of the information provided.*

<https://www.freightwaves.com/news/container-ships-suffer-record-delays-as-demand-spikes>

<https://images.info.accenture.com/>

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.

If you have any questions, please contact your local KWE representative.

Thank you, we appreciate your business.

Visit Our Website [www.kwe.ca](http://www.kwe.ca)

Kintetsu World Express, Canada Inc.



*DISCLAIMER - All information is provided in good faith for guidance and reference purposes only. It is of a general informational nature, and KWE Canada takes no legal responsibility for the accuracy of the information provided via this document. KWE Canada makes no representation as to the accuracy or completeness of any of the information contained herein and accepts no liability for any loss arising from the use of the information provided.*