

Global freight procurement Trade dashboard - July 2021

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Europe

Europe to North America

High rate levels continue to soar on the Transatlantic Westbound trade. With very strong US demand, importers still compose with rather low inventory levels, and carriers continue with fully utilized vessels, charging premium rates, and no capacity improvement in sight.

On the West Coast, congestion delays have reduced a bit in Los Angeles/Long Beach, only to find a much worse situation in Vancouver/Seattle/ and even more Oakland, now avoided on many services. Vessel waiting time in Oakland is now of 2 to 3 weeks!

Europe to Oceania

To Australia - the industrial situation in Australia has flared up and union action, particularly in Sydney, is impacting productivity and delaying vessels birthing for up to 7 days.

Demand is still very strong, and both the direct service and relay options are oversubscribed. Equipment remains an even worse challenge than space, particularly with 20ft and with reefers. Spot rates from Rotterdam to Australia and New Zealand reported 60% up last year for 20ft, and 60% up for 40ft.

Europe to Asia / Middle East

Especially in the context of the Yantian Covid outbreak and related congestion, services disruption got worse over the past weeks, and cascades both on the westbound and eastbound legs. Equipment availability will be scarce during the summer, especially for reefers which are under strong seasonal demand, and **ports congestion and further delays, especially in Europe, are expected.**

As an illustration, 2M has shifted from Hamburg to Bremerhaven, and Hapag Lloyd has cancelled Rotterdam calls on one of their Asian loops.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



North America

North America to Europe

From the USWC, space is extremely tight. Recent incident of NYK Delphinus and carriers skipping Oakland make it difficult to ship cargo on intended vessels. Implementation of several ports omissions cause a new set of backlog.

From the USEC, space is being managed closely by carriers due to lost space from vessel delays, containers availability at ports are rather better than the rail ramps. Chassis availability is very tight at both ports and rail ramps.

Rates are expected to remain undisturbed through the end of Q3 after increasing as of July 1st with base rate and bunker. Compared with trades ex North America to Asia and Latin America, rates have been more steady, thanks to a temporary capacity influx, with three larger vessels on THE Alliance AL3 service, while the AL1, initially slated for earlier suspension, remains operated until end of July.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



North America to South America

Existing market challenges (space/equipment/rail delays/port congestions) are likely to continue into Q3, as **near-term outlooks for Chile, Brazil look favorable**, and as services keep being oversubscribed and are rolling cargo. Market appears not yet saturated by GRI announcements, although they range up to \$1,000 per container. Some carriers are repositioning empty equipment to East Coast given the strong export demand ex Brazil.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



North America to Asia

Delays and void sailings continue to shrink capacity, and carriers prioritizing moving empties back worsens the situation. The USWC continues to be the most affected by this lost capacity, and with some carriers deciding to omit their Oakland calls, export capabilities further deteriorate. Capacity is tight also from the USEC, with equipment and chassis scarce at most ports, and at all ramps.

GRI advisories do not stop coming in, with end-month GRIs seen as more effective than mid-month GRIs. At least 3 carriers announced a Yantian Reefer Emergency Surcharge, varying between \$1000-1500 per container.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



North America

North America to Oceania

Omission of Oakland calls on northbound legs are impacting already disrupted services and as a result their southbound sailings ex USWC. Cargo is being rolled and it's very difficult to protect allocations.

As a result, **most carriers announced GRIs for July 1st ranging between \$200 to \$300 per TEU**. One of them even already announced a second one for August 1st.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



Asia

Asia to Europe

Capacity and equipment supply continue to be very limited on this trade. The highest spot rates have now exceeded USD 20,000/ 40ft and yet rarely come with real space guarantee.

Ships are oversubscribed more than 120%, with shipping lines limiting new booking acceptance in order to cope with backlog. Booking lead time is above 4 weeks, while carriers are also implementing new booking windows. From 1st July onwards, Maersk for example will not allow any booking submission 8 weeks before vessel ETD.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



Asia to North America

Same predicament like the Europe trade, **both equipment and space on board remain problematic on Transpacific Eastbound**. Except that the growth for USA imports is booming at a much faster pace than the Europe trade. Cargo volumes ex Asia to USA as reported by PIERS increased by 35% in Q1 2021 compared with last year.

All in freight rates above USD 20,000 /40 to USWC have become common, after you add up all the premium fees to get access to space. Yet, booking lead time exceeds 4 weeks and there is hardly space left for new booking as ships struggling to clear backlog. The situation will worsen in the next weeks as this trade would enter its peak season in August.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



Asia

Intra Asia

Rates levels increase as carriers release equipment in priority for the long haul lanes that provide better returns, rather than for short sea. As everywhere, free time conditions are under high pressure as everyone strive to improve equipment turn around. **The lack of 40ft equipment is drastic**, to a point some carriers closed 40'GP/HC acceptance on the short sea lanes.

The event of the Yantian port congestion further impacts container shortage, by delaying equipment turnaround.

Asia to Oceania

Freight rates for Asia to Australia port are stabilizing at high level after port congestions charges were scrapped in Australia, **whereas rates to New Zealand are still growing** due to port congestion in Auckland (with berthing delays currently 5 to 7 days).

The current spot market freight for Shanghai to Auckland is above \$4,000 per 20' (an increase of some \$400 just from 1 month ago).

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



Oceania

Oceania to North America

The industrial situation in Australia has flared up again and union action, particularly in Sydney, is impacting productivity and delaying berthing of vessels for up to 7 days.

Continued major service disruption occurring due to the **ongoing impacts of USWC & New Zealand congestion and delays**. The omission of Oakland every 2nd vessel, will now continue through to end of August sailings, and coupled with blank sailing, will mean large backlogs to clear, over several months.

Services to USEC also remain under pressure, with first available space 6 weeks in advance. Equipment challenges, particularly 20fts, continue to be experienced, particularly in Adelaide and Nelson. Auckland depots are congested with too much equipment.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



Oceania

Oceania to Asia

The industrial situation in Australia has flared up again and union action, particularly in Sydney, is impacting productivity and delaying berthing of vessels for up to 7 days.

Most carriers report full vessels through to end July, and activity on GRI/PSS has been constant and across the board, as demand continues to far outweigh capacity. Transhipments through Asia, to Middle East and India have also been hit hard as lines look to recoup escalating feeder costs with little notice.

Same as for North America, equipment issues are manifesting themselves during July / August.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



Oceania to Europe

Ex Australia, the industrial situation in Australia has flared up and union action, particularly in Sydney, is impacting productivity and delaying vessels birthing for up to 7 days.

The direct service remains under heavy pressure with vessels overbooked to mid August. Transshipment services are full given the strong demand to Asia, and also backlogs through Asian transshipment ports. Equipment wise, 20ft issues out of Melbourne, Adelaide & Sydney prevail.

Ex New Zealand, the direct service remains weekly, although there's no Nelson direct call. Whilst perishables peak season is eating a lot of space, this will ease up from July, although the backlog of bookings to accommodate is large. Congestion and delays through Auckland and Tauranga are still prevalent, and feeders from Nelson and Napier impacted. Transshipment services are also reporting strong demand, which results in delays for services via Asia.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



South America

South America to North America

Congestion has softened in Los Angeles/Long Beach, and however worsened in other North America West Coast ports. The MPS service, linking Pacific ports to the Mediterranean directly, and to several other areas in relay, won't service Oakland, Seattle and Vancouver any longer during next weeks/months.

Rates have gone up across the board (from/to both coasts) lately, and Drewry index now assess a 40ft rate ex Santos to New York at \$4,500 all in, 50% up two months ago.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



South America

South America to Asia

As South America is entering into winter, bad weather season along Pacific coast is starting, resulting in **frequent closures of the San Antonio port**, and increasing risks of vessels operating "cut & runs". Due to the delay in calling Chilean coast, export cargo are not prioritized by carriers, except for reefer units. Changes of routings, lack of space and of equipment are expected to last till the end of the year.

Space availability



Ocean rates, **next 3-months**



Ocean rates, **last 3-months**



South America to Europe

From the West Coast, space on board is very limited, and weather conditions have worsened due to winter, causing several vessels and cut & runs in the port of San Antonio. Congestion is also exacerbating at destination in European ports, prompting ports omissions. CMA CGM lately announced that they will stop serving Le Havre for the next three months on Eurosal service.

From the East Coast, demand is strong, especially from Brazil : containerized volumes out of Santos at the end of May increased by +16% year on year. The citrus season has started and reefer shipments started to take up space of dry containers.

Capacity is disrupted due to blank sailings used to adjust vessels schedules, and to an incident in Santos on the vessel Cap San Antonio (operated on Samba/SAEC service), which collided with a ferry pier and is temporarily withdrawn from service for reparations.

Space availability



Ocean rates, **next 3-months**



Ocean rates, **last 3-months**



South Africa

South Africa to Europe

The South African market still experiences a strong equipment imbalance, with carriers implementing Equipment Imbalance Surcharges, to all destinations. All in rates are increasing, though to lesser extent than the Asian trades. Drewry assess rates ex Durban to UK at \$2,000 /40 in May (before recent bunker increases), **36% up a year before**.

As we are in the fruit season, prime focus is clearly set onto reefer exports, and reefers are getting priority on board vessels.

Space availability



Ocean rates, **next 3-months**



Ocean rates, **last 3-months**



Topic of the month : cross contamination

In April's issue, our topic of the month was dedicated to the aftermath of the 6-days blockage of Suez canal, and how it would continue to affect world trade for several weeks, even on tradelanes without any relation with Suez, such as the Transatlantic.

Only now, almost three months later, we see the impact of this closure vanishing, and yet in the meantime the industry has been hit by **Yantian port congestion, an event of an even greater magnitude** : Suez closure blocked 55,000 TEU per day, Yantian congestion probably around 25,000 TEU per day, yet Suez events lasted « only » 6 days, not several weeks as the partial closure of Yantian International Container Terminal.

Worth reminding here the importance of the terminals in Pearl River Delta (Yantian, but also Shekou, Nansha, as they were all gradually affected), making Shenzhen fourth biggest port in the world, and Guangzhou fifth. Yantian terminal alone handles some 13 million TEU annually, accounting for roughly half of Shenzhen abilities.

Today June 29th the covid outburst in the port area is under control and the ports abilities have more or less recovered : in Yantian terminal, productivity is 85% of normal level, and waiting time was decreased to 12 hours. In Shekou, waiting time is between 2 days (at Mawan Container Terminal) and 3 days (at Chiwan terminal). Same in Nansha : 3 days waiting time, and a reduced pressure on yard density.

Rank ▲	Nk	Port	1Q 2021 TEU	1Q 2020 TEU	Growth % Q1 21/20
1	(1)	Shanghai	11,345,000	9,336,000	21.5%
2	(2)	Singapore	9,308,200	9,279,200	0.3%
3	(3)	Ningbo-Zhoushan	7,690,000	6,150,000	25.0%
4	(4)	Shenzhen	7,220,000	5,340,000	35.2%
5	(5)	Guangzhou	5,550,000	4,740,000	17.1%
6	(6)	Qingdao	5,540,000	5,040,000	9.9%
7	(7)	Busan	5,524,000	5,484,456	0.7%
8	(8)	Tianjin	4,470,000	3,710,000	20.5%
9	(9)	Hong Kong	4,198,000	4,100,000	2.4%
10	(10)	LA/LB	4,968,558	3,482,669	42.7%
11	(11)	Rotterdam	3,709,000	3,549,670	4.5%
12	(12)	Dubai	3,500,000	3,410,000	2.6%
13	(13)	Port Kelang	3,467,139	3,160,640	9.7%
14	(14)	Antwerp	3,100,000	3,030,300	2.3%
15	(15)	Xiamen	2,790,000	2,510,000	11.2%

Was there any relation between Suez and Yantian events ?

No. Unlike other congestions resulting from Suez closure, Yantian's one was not created by a pile-up of off-schedules vessels, but by a new Covid-19 outbreak in terminal workforce.

Will they have consequences of the same kind ?

Yes : even more cases of ports congestions. Another blockage of an essential pipeline like the Suez canal, perhaps we won't see soon. But other ports closures, full or partial, shall be expected.

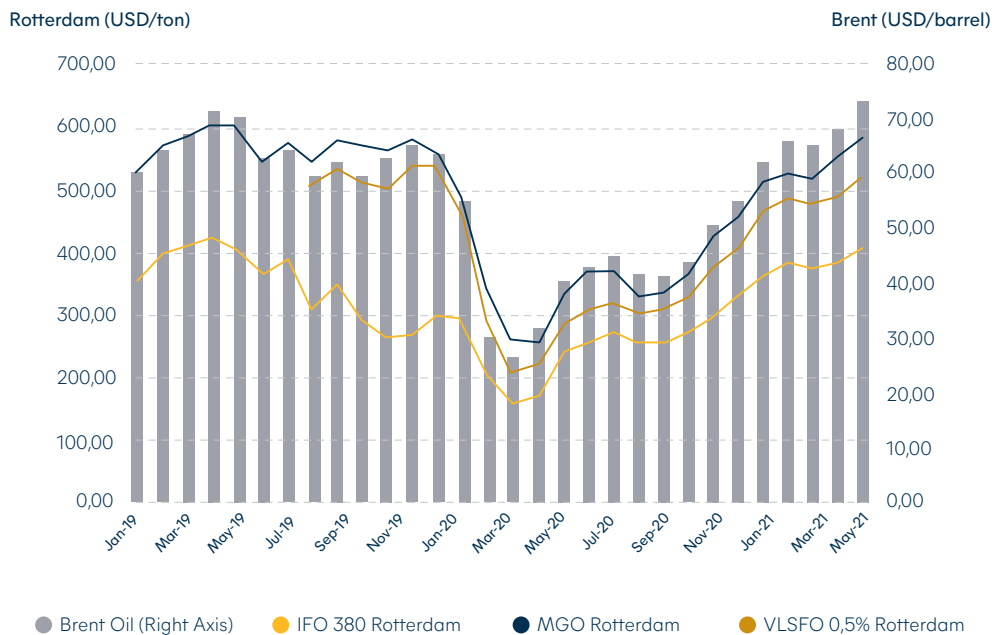
Topic of the month : cross contamination

Ports congestions (and vessel delays) have become the root cause for shipping industry disruption since first Covid-19 wave in February last year, absorbing a large share of capacity by paralyzing multiple vessels, and then **creating an undersupply situation everywhere.**

From November 2020 to March 2021, the capacity made unavailable by congestions, primarily in US ports (LA/LB) at that time, was around 4 to 7% of global supply. During Ever Given stranding in Suez end of March 2021, it reached 11%. Now at the worst of Guangdong ports congestion, with over 300 ships waiting, and in addition several other ships blocked elsewhere in quarantine due to Covid-19 cases on board, we culminated with probably 15% of useless capacity.

Just now we see that congestion is easing up in Yantian and nearby ports, we also see that relatively few vessels remain ashore Long Beach / Los Angeles, ports from where congestion-contamination started, **so are we getting to an improvement ?** Unfortunately, not really.. LA / LB ports essentially got a breathe because they could buy time during Pearl River Delta ports congestion. Then, as the phenomenal backlog of containers will get cleared from South China, it's a huge number of ships that will arrive to US and to Europe in the weeks ahead to satisfy the demand, likely re-congesting the ports there, when they are not already.

Bunker watch



Contact us