

# Global freight procurement Trade dashboard - October 2021

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## Europe

### Europe to North America

Full ships expected as **we face peak volume flows up to Christmas** causing further bottlenecks USA land-side. Port omissions and increasing rates expected. In light of winter-season starting for the Northern Hemisphere, ocean vessels will eventually confront annual winter storms, leading to decreased vessel integrity, when the schedule reliability is already as low as 36% vessels on time on this tradelane in August.

Space availability



Ocean rates, **next 3-months**



Ocean rates, **last 3-months**



### Europe to Oceania

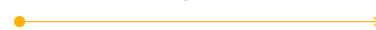
**Transshipments through Singapore and Port Kelang continue to face long delays**, up to 6 weeks for some vessels. New Zealand booking stops are in place with several shipping lines, as they attempt to slow down the pressure.

At destination in Australia, more delays are caused in Melbourne by Covid situation (half of workforce was in isolation mid October), and looming industrial action in Sydney. In New Zealand, Auckland and Tauranga still experience port delays at 4-5 days.

Space availability



Ocean rates, **next 3-months**



Ocean rates, **last 3-months**



## Europe

### Europe to Asia / Middle East

At origin in Europe we still have omission of ports, blank sailings and cut and run last minute, that will continue to generate delays in schedule and congestion at destination. **Container ships are currently arriving with an average delay of 18 days in China.** Difficulties are more acute in ports like Hong Kong, Port Kelang, Jebel Ali, which get fewer vessels calls, in order to serve quicker the main ports in China.

Some circumstantial difficulties also worsen the problems: we are in the Typhoon season, and some China ports suffer a hopefully temporary outage of power.

On the equipment front we still have strong imbalance of reefer: missing in Europe and in surplus in Asia. Price for reefers and equipment availability will remain a challenge in 2022.

We recommend to secure space and equipment well in advance by placing booking 4 to 6 weeks prior vessel departure, in order to **anticipate pre-Chinese New Year cargo rush**, which will happen already beginning December.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



## North America

### North America to Europe

Due to the influx of import cargo in North America, there are significant issues with chassis availability and warehouse space across the continent. This results in containers remaining on chassis for much longer periods of time. **Export shipments are affected by the situation.** Vessels to Europe from USWC are full and carriers are implementing GRIs for Q4. Increases have higher quantum ex USWC compared to USEC.

With on-going port omissions, schedule reliability is still an issue and causing port of Seattle, for example, to be over-priced and mostly inaccessible due to omissions. At USEC, carriers are moving from congested ports to neighboring ones. Last example is Savannah being replaced by Charleston or Jacksonville on several loops. Rail delays are occurring across country (Midwest and Chicago areas), leading an average of 6-8 weeks dwell time.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



## North America

### North America to South America

US Gulf ports have been affected by recent storms within past few weeks with domino effect on port omissions as well as cut & runs. **The area remains with backlog and with heavy congestion.**

Services to Chile & Peru in particular are affected, and carriers announced booking stop due to congestion at transshipment port as well as restrictions on limited moves at destination port. GRIs for October vary by carrier and route but all expected to impact a market which is extremely limited in capacity.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



### North America to Asia

**Rates are still volatile and changing monthly.** Deteriorating schedule integrity in addition to creating void sailings and delays is creating significant challenges with posted earliest return dates and vessel cut-offs at the port. Carriers still favor the return of their empty equipment, which limits exports. Few of services that were cancelled when Oakland had the peak in congestion are returning, but still quite restricted.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



### North America to Oceania

All carriers implemented GRIs as of October 1st. There is still the need by carriers to bring reefers ex Latin America to Oceania where they miss this type of equipment, impacting space available and rates levels, indirectly. CMA CGM service is now fortnightly for the off-peak season, giving less sailing options ex East Coast.

**On the other hand, Oakland has been included again now in the rotation** on the joint USWC- Oceania loop, which might ease the schedule issues services are suffering from.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



## Asia

### Asia to Europe

Space remains tight, but **rates appear to have stabilized, even though at very high levels**, perhaps influenced by the announcement by some carriers to freeze spot rates inflation.

Port congestion in UK is severe. **Carriers are skipping UK ports due to berthing delay, with almost no notice** and sometimes different schedules are confirmed by carriers on a same vessel. Increasing UK cargo overland at Rotterdam and Antwerp is creating delays, and more congestion also on the Continent.

Shipping lines are imposing more port congestion surcharges at affected destinations.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



### Asia to North America

**Port congestion in Los Angeles/Long Beach is still not improving.** Even with the statement by USA Government to extend port operating hours, it remains uncertain how quickly the bottleneck can ease. More storage space will also be needed.

Even if the port really operates 24/7, it would require the same coordination with truckers and storage warehouse to work the same hours.

Strong demand will continue for Christmas and New Year season. **Space remains tight whilst rate increases have slow down.**

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



### Intra Asia

Space and equipment are a challenge spreading to the short sea lanes. Schedule reliability is at very low levels and there are frequent delays at transshipment and load ports.

**Growing port congestion is seen at Chinese Ports** (Shanghai, Ningbo, Yantian, Shekou, Hong Kong). When carriers re-route, they skip ports to avoid the congestion but this leads to disruption on cargo planning.

**Carriers are focusing on base ports only**, meaning that outports with feeder involvement are suffering with fewer sailing options.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



## Asia

### Asia to Oceania

Ports operations and activities remain hampered with Covid events, manpower availability is below 90%. Vessels continue to be re-routed with ports omissions to catch up with the schedule.

**Continued approach to handle heavy roll pool of containers, and carriers are prioritizing lighter cargo ex Asia** in order to ship more containers per voyage and to clear the backlog.

Space remains challenging, even more so when it comes to booking heavy cargo. A minimum of 4 weeks lead time is needed for booking.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



## Oceania

### Oceania to North America

Services to USWC continue to suffer erratic schedules & service disruption due to the ongoing impacts of USWC congestion and delays. Whilst the situation in NZ is improving, the situation in Australia is again on alert as the unions step up industrial action, at various ports. The re-instatement of an Oakland weekly call is positive news, however space remains severely restricted as backlogs are cleared.

**Services to USEC also remain under heavy pressure**, with first available space 6 weeks in advance.

Due to the erratic schedules, positioning of empty equipment, particularly 20fts, continues to be a major challenge, to Adelaide, Melbourne and Nelson. Auckland depots remain congested with too much equipment, which cannot find its way to the southern NZ ports.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



### Oceania to Asia

**Most carriers continue to be full through to early December now.** Transhipments through Asia, to Middle East and India continue to be problematic, with many carriers suspending services or bookings due to feeder congestion. Severe congestion and backlogs are being seen through all major Asian hubs, including Singapore, Port Kelang and Hong Kong.

In addition to erratic schedules making the positioning of equipment to Adelaide & Nelson difficult, with the new grain season drawing heavily on food quality container stocks, challenges will continue on 20ft equipment availability.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



## Oceania

### Oceania to Europe

**Ex Australia the direct service remains under pressure, with booking delays of 3-4 weeks.** Similarly transshipment services are full given the continued strong demand to Asia, and also backlogs through Asian transshipment ports. The industrial situation is likely to worsen again impacting on port delays, as union action is again spreading.

**Ex New Zealand,** the direct service has now reverted to fortnightly for its off peak cycle. This has meant a restriction of space, particularly given that some reefer commodities continue to move in volume. Booking delays can be up to 6 weeks. Whilst congestion through Auckland is improving, delays in Tauranga are still prevalent, and feeders from Nelson and Napier also impacted by erratic schedules.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



### Trans Tasman

**Ex Australia** most services to NZ are full through to early December. There is also a continuation of restricting bookings to Auckland or Tauranga so to avoid adding to congestion. Some carrier are even suspending services for short periods. **Services to the South Island remain unreliable.**

**Ex New Zealand,** some services have returned to calling Auckland, however, space on these and the Tauranga loading services remain very tight, with delays of several weeks to secure bookings. Nelson is very problematic as it is regularly omitted to rectify schedule disruption elsewhere, plus the 3rd party feeder from Nelson & Napier to Tauranga is still at a fortnightly frequency.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



## South America

### South America to North America

This tradelane is still in mayhem, be it at origin, transshipment ports, and destination. Especially at US West Coast : if situation has improved in Oakland, **it worsened in Seattle with a vessel waiting time of 25 days, and in LA/LGB : 20 days waiting at both ports,** with around 70 container vessels queuing in the bay.

Rates remain at very high levels, unprecedented on this tradelane.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



## South America

### South America to Asia

From week 47 (end November), the cherry season will start, with priority being given to reefer cargo. Carriers will stop calling directly Manzanillo (Mexico) and Japan in order to serve Shanghai as early as possible before the Chinese New Year (February 1st 2022). Also, due to high congestion in transshipment port in Asia some carriers only accept bookings to main ports.

Ex Chile, the lack of equipment 20ft (dry and even more so flexitank suitable) is still dire as carriers are receiving essentially 40 footers from the retails imports.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



### South America to Europe

From the **West Coast**, capacity is under constraint due to vessel delays, blank sailings and cut and runs. Yet it does not mean that vessels sail at full capacity : as vessels are off schedule, berthing windows are reduced, less moves are possible, and ships have to depart leaving some cargo on ground. The **severe disruption in the port of San Antonio** persists, while Valparaiso operates better. Equipment availability for 20ft is still very problematic, especially as empty repositioning programs are not executed due to schedules disruption.

As the reefer season is starting, and based on market feedback, a strong demand is expected for the weeks/months ahead.

From the **East Coast**, vessels are booked 100% (and actually booked 140%). Bookings are placed with 8 weeks in advance. Equipment is in shortage in Brazil. This strong volume trend is to continue till the end of the year and certainly well into 2022, as important export volumes are forecasted.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



## South Africa

### South Africa to Europe

After hitting all time low levels (below 20% on-time) in past months, we see schedule reliabilities improving somehow, and less cut and run contingency measures affecting Cape Town or Durban. Carriers on 'SAECS' service announced some service changes, combining import and export calls in few ports where they used to be distinct (Cape Town, Algeciras and Rotterdam). Hopefully that will assist restoring further schedule reliability.

**Equipment continues to be in short supply in some areas,** however space-wise the situation is improving and there is some relief with the end of the citrus export season. Rates are expected stable.

Space availability



Ocean rates, next 3-months



Ocean rates, last 3-months



### Legend space availability:

Space extremely limited (or stop booking)



Space limited

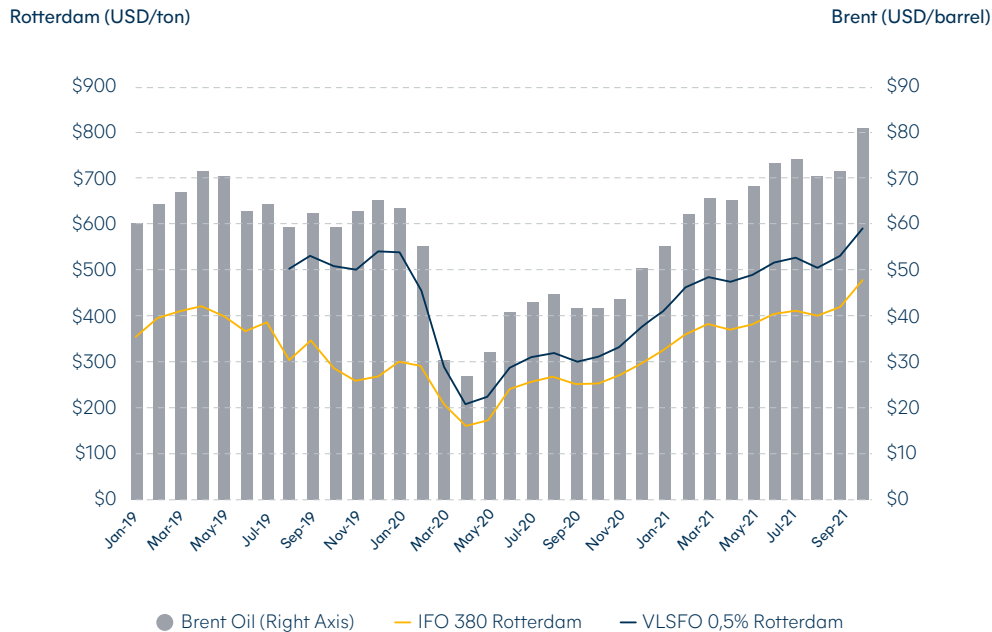


Space available





## Bunker watch



## Topic of the month: Bunker Developments

As evidenced in our « Bunker Watch » slide, oil price has strengthened some 20% in two months, with a **barrel price now reaching \$85** (Brent). The rise was triggered by Hurricane Ida, August 26th 2021, which suddenly impacted US production by -10%, in a context of higher oil demand as substitution to gas, which suffers a global production deficit. Add to that better statistics on the pandemic, speculation for a cold winter in the Northern Hemisphere, supply restraint from OPEC+ countries, and we got this price acceleration with oil prices barely hit since 2014 (or shortly in October 2018).

Now the dynamic is very uncertain, very lately oil demand slightly abated, yet worries on short-term supply shortages exist as fuel stockpiles are below average, which could lead back barrel price towards the \$100. However clearly the world doesn't lack production capacity (especially at these prices) that may be activated in a sustained high-demand scenario.

What it means for shipping is already known. Considering the time-lapse between oil prices evolution and carriers BAF calculation, we must expect another round of strong BAF increases applicable January 1st for Q1 2022, or as soon as December 1st for the carriers / tradelanes with monthly reviews implemented. Depending on November's costs developments, these BAF increases could be expected as twice as large than in Q4 2021.

In the bigger picture of shipping costs nowadays, the impact of such increases will be very different depending on the tradelanes. Fuel concerns might be seen as almost anecdotal on several tradelanes, where due to ocean freight and various surcharges skyrocketing, the importance of fuel costs components within total freight rates plunged from 30-40% to single digits percentages.

Contact us