

# Sea Freight News

November 8, 2022



Global cargo demand continues to deteriorate amid weakened consumer sales. Volumes from Asia experienced the sharpest decline, with recently published September figures showing a decline of 10% over the same period in 2021. Exports from Europe remain flat, while the U.S. continues to buck the trend, with both imports and exports seeing impressive gains. In the U.S. East and Gulf Coast Ports continue to take market share from West Coast ports, with New York now the top destination.

Despite the strong export performance, U.S. export container dwell times continue to rise across the country as carriers implement capacity management strategies to slow the rate of erosion on the spot market. West Coast markets have been hardest hit, with export dwells increasing to six days. Meanwhile, shippers in Asia and Europe are having little difficulty finding space on first-available voyages despite the impact of blank sailings, port omissions, and service suspensions.

While overall schedule reliability and global port congestion are starting to improve, issues in the rail sector and limited long-haul capacity continue to hinder U.S. cargo flows. Import containers are continuing to stack up in Los Angeles due to the lack of rail cars, while the ongoing chassis shortage has led to significant delays at IPI locations, with Dallas, Chicago, Kansas City, Memphis, and St. Louis most affected.

Overall spot rates continue to decline, but the rate of decline has slowed and varies by tradelane. As the Transpacific market to the West Coast continues to weaken, analysts are speculating that rates could fall to 2019 levels over the coming weeks. Rates to the East and Gulf Coasts are proving to be more resilient, with rates showing only modest declines. Although we are seeing some carriers offer heavy discounts for large volumes on the Asia-North Europe trade, rates continue to plummet, but remain double pre-pandemic levels. On the Transatlantic trade, westbound rates have also dropped – just not as rapidly as other trades - while eastbound rates remain stable. Despite the dramatic decline in the spot market over the past few months, global contracted rates remain stubbornly high.

Looking ahead, Maersk is warning of slowing demand due to the looming worldwide recession and the energy crisis in Europe which is now spreading across the globe. As a result, rates are expected to normalize in Q4.

## KEY DEVELOPMENTS

**Supply:** Despite aggressive strategies to balance supply, capacity remains in oversupply.

**Demand:** Global demand continues to wane but remains above 2019 levels.

**Equipment:** While the container supply is easing in South Asia, American and European exporters continue to struggle with container availability.

**Blank Sailings:** While carriers have only reduced 10% of sailings in early November, blanked sailings are expected to ramp up through the end of the year.

Port	Vessel Backlog	Average Wait Time
Boston	0	normal
LA/LB	3	0 – 3 days
NY/NJ	11	2.8 days
Seattle	0	7 days
Oakland	12	20+ days
Houston	11	5- 20 days
Savannah	32	10-20 days
Norfolk	0	normal
Charleston	0	normal

## Upcoming Holidays

Holiday	Country	Date
Veterans Day	U.S.	Nov. 11
Armistice Day	France & Belgium	Nov. 11
Republic Day	Brazil	Nov. 15
Revolution Day	Mexico	Nov. 21
Labor Day	Japan	Nov. 23
Thanksgiving	U.S.	Nov. 24

## Rotation Changes

- **MSC and Maersk** have merged the TP-9/Eagle and TP-1/Maple services into a single loop, branded TP-1/Maple
  - Xiamen - Yantian - Ningbo - Shanghai - Busan - Yokohama - Prince Rupert - Vancouver
- **Maersk has launched a new consolidated TPX service**
  - Haiphong - Yantian - Ningbo - Shanghai - Seattle - Los Angeles - Yokohama - Xiamen
- **Wan Hai** shuts down its AA1 and AA1 Transpacific services
- **Hapag Lloyd** has made the following rotation change to the EC1 loop
  - Kaohsiung - Hong Kong - Yantian - Shanghai - Busan - Manzanillo - Savannah - Charleston - Norfolk - Rodman





## Market Outlook

Market	Trade Lane	Space	Demand	Rates	Equipment	Schedule Reliability	T/S Reliability	Origin Backlog
Asia	China – North America	↑	↓	↓	↑	→	↓	↓
	China – Europe	↑	↓	↓	↑	→	↓	↓
	South Asia – North America	→	↓	↓	↑	↓	↓	→
	South Asia - Europe	→	↓	↓	↑	↓	↓	→
North America	North America – China	↓	→	↓	↓	↓	↓	→
	North America – South Asia	↓	→	↓	↓	↓	↓	→
	North America – Europe	→	→	↓	↓	↓	↓	→
	North America - Oceania	↓	→	→	↓	↓	↓	→
Europe	Europe – North America	↑	↑	→	↓	↓	↓	↑
	Europe – China	↑	↓	↓	↓	↓	↓	↑
	Europe – South Asia	↓	→	↓	↓	↓	↓	↑
	Europe - Oceania	↑	→	↓	↓	→	→	→

### Major Disruptions

- The Federal Reserve and Bank of England have raised interest rates by another 0.75%, increasing the likelihood of a record-long recession; more likely to come
- U.S. supply chains face dual threats of a nationwide diesel shortage and rail strike
  - Unless all 12 unions ratify their contracts, a rail shutdown could come as soon as **November 19**
  - National diesel inventories have fallen to dangerously low levels and are expected to run out by **Thanksgiving**, shutting down everything from deliveries and energy to home heating along with it
- West Coast labor negotiations have soured after the ILWU accused SSA Marine of colluding with another union to circumvent the collective bargaining agreement
- Massive protests across Brazil against the stolen election have disrupted cargo flows as demonstrators block roads, highways, port terminals, and railroads

### Announcements

- The Port of Houston has announced an import dwell fee for containers not promptly removed from the port, effective **December 1**
  - The \$45 per day fee will be assessed on the eighth day after the allotted free time expires and is in addition to the \$61.15 per day D&D charge for long-dwelling 40' containers
- Maersk offers to slow cargo arrivals from Asia to help U.S. and European retailers manage bloated inventories, which are contributing to landside port congestion issues
- Cosco acquires 24.9% stake in Hamburg's CTT terminal, stirring unease with government officials over Chinese influence in the port
  - The German Foreign Ministry warned the investment "disproportionately expands China's strategic influence on European transport infrastructure as well as Germany's dependence on China"



# Thank You

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