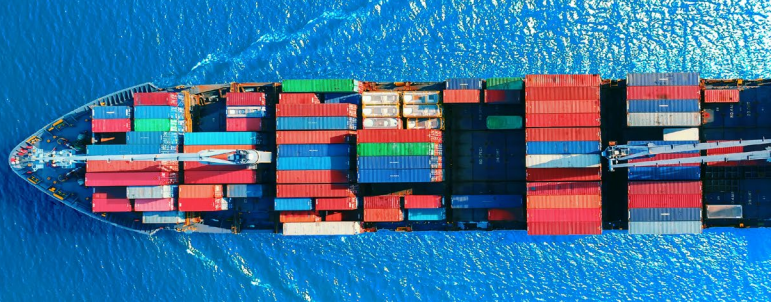


Sea Freight News

May 2023



Global trade is showing signs of recovery following positive growth in U.S. and EU trade activity. After a weak March, U.S. imports rose 3.4% in April and exports inched up 0.6%. The European Union was the only other major region to record growth in both metrics, with imports and exports up 2.2% and 2.7% respectively. Global volumes also rose slightly to nearly 14 million units a day. Meanwhile, China posted a 1.3% decline in overall export activity - despite a 6% rise in exports to the U.S. - while its imports rose a mere 0.5%.

Looking at the top U.S. ports, overall import volumes increased 167,174 TEU in April MOM. New York/New Jersey had the highest increase at 19.3% followed by Savannah at 14.6%, while Long Beach saw the steepest decline, down 21.8%. Turning to exports, Long Beach saw a marginal increase of 0.6%, while Los Angeles and New York/New Jersey fell 10.3% and 1.1% respectively. Although Houston reported a small decline in April, overall exports surged 17% YOY, ranking Port Houston third in the nation for loaded exports.

According to the latest analysis by Drewry, the North American and European markets have returned to pre-pandemic call sizes and vessel exchanges. This, in turn, has led to overall improvement in vessel turnaround times, with marked falls in pre-berth wait times and less time at berth to complete cargo operations.

Global schedule reliability continues to improve, approaching levels they historically operated at before the pandemic surge. According to Sea-Intelligence, nearly two-thirds of vessels - 62.6% - are arriving on time, up from 33% two years ago. Of the top container lines, Maersk was the most reliable at 68.6%, followed by MSC at 67.7%. Yang Ming was the least reliable at 53.4%. Interestingly, schedule reliability on the Transpacific trade is far below the global average, at 42.4% to the U.S. West Coast and 44.6% to the U.S. East Coast.

According to Xeneta, contracted rates sharply fell in April, dragged down by newly negotiated contracts at significantly lower prices. As many BCOs have taken a 'wait and see' approach to signing new contracts, the fall in long-term rates is expected to accelerate throughout May. Additionally, we are hearing that carriers are refusing to agree to new contracts that too closely resemble spot rates.

KEY DEVELOPMENTS

Demand: While overall global demand remains generally subdued, shipment sizes are increasing. The latest booking data for volumes departing from China to both the U.S. and EU continue to exhibit overall weakness. With new orders falling to 48.8 PMI from 53.6, chances of an H2 rebound are looking increasingly unlikely.

Supply: While capacity generally remains in over supply on most major tradelanes, capacity remains stubbornly tight on certain markets, including Latin America and Asia Pacific.

Blank Sailings: Across the major East-West trades, 3% of scheduled sailings have been blanked between weeks 21-25, with the majority on the Transpacific trade. Meanwhile, carriers are using slow steaming to absorb extra newbuilt tonnage.

Rates: Global spot rates contracted downward again this week as carriers struggle to hold onto mid-April Transpacific GRIs. As a result, May 15 GRI was not implemented.

Shippers, especially those with time-sensitive cargo should be prepared for extended lead times.



Upcoming Holidays

Holiday	Country	Date(s)
Pentecost	Belgium	May 28
Memorial Day / Pentecost / Whit Monday	U.S. UK, BE, FR, and DE	May 29
Public Holiday	Indonesia	June 1 - 2
Republic Day / Vesak	Italy and Singapore	June 2
Constitution Day / Public Holiday / Monarch's Birthday / Visakha Bucha	DK, IE, MY, NZ, and TH	June 5
National Day / Memorial Day	Sweden and South Korea	June 6

For a more comprehensive list of holidays, please click [here](#).



Market Outlook

Market	Trade Lane	Capacity	Demand	Rates	Origin Performance		
					Equipment	Reliability	Congestion
Asia	China – North America	●	●	↓	●	●	●
	China – Europe	●	●	↓	●	●	●
	South Asia – North America	●	●	↓	●	●	●
	South Asia – Europe	●	●	↑	●	●	●
North America	North America – Asia	●	●	↓	●	●	●
	North America – Europe	●	●	↓	●	●	●
	North America – Oceania	●	●	↓	●	●	●
	North America - LATAM	●	●	→	●	●	●
Europe	Europe – North America	●	●	↓	●	●	●
	Europe – Asia	●	●	→	●	●	●
	Europe – Oceania	●	●	↓	●	●	●
	Europe – LATAM	●	●	↓	●	●	●
LATAM	LATAM – North America	●	●	↑	●	●	●
	LATAM – Europe	●	●	↓	●	●	●
Oceania	Oceania – North America	●	●	→	●	●	●
	Oceania - Europe	●	●	↓	●	●	●

Major Disruptions

- Pension strikes in France remain ongoing and further disruption to both the ports and inland transportation is possible in the coming weeks
- The Panama Canal continues to lower draft restrictions due to falling water levels caused by prolonged drought conditions
 - As a result, carriers transiting the canal are forced to reduce their payloads and heavy cargos will most likely be rolled until after water levels return to normal
 - **COSCO, ONE, Hapag Lloyd, and ZIM** have announced weight limits on new bookings in order to comply with the maximum draft
 - Many carriers have announced an adjustment surcharge on all vessels transiting the canal, effective **June 1**

Announcements

- The FMC has waived or refunded over \$1 million in disputed ocean shipping charges – mainly from unreasonable D&D charges - under the Ocean Shipping Reform Act of 2022
 - The FMC is using an interim procedure to process complaints, but later this year will work on a request for public comment to create a more permanent process; more details to come

Forecast

The National Retail Federation has downgraded its forecast for H1'23, now estimating that container volumes will be 23% lower than a year ago due to an expected seasonal drop in June. While recovery is expected to begin in July, volumes from Asia are not expected to increase until August and ramp up through Golden Week.



Thank You

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