

MARKET UPDATE

AUGUST 2022

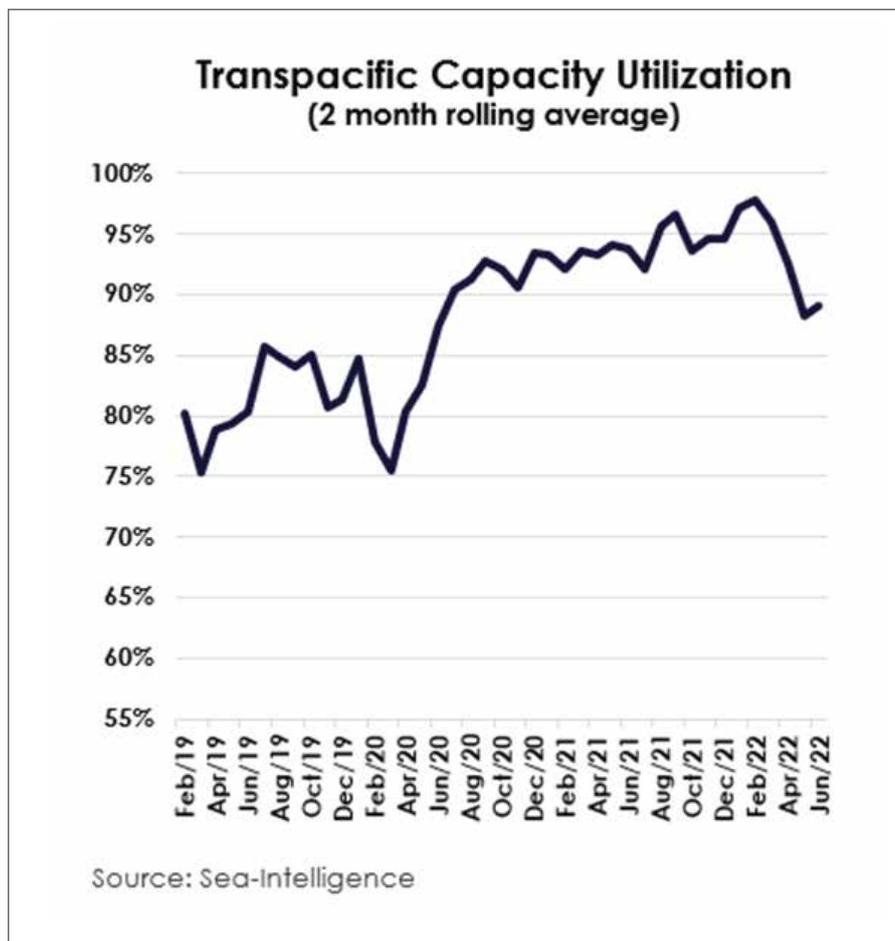


MARKET UPDATE – AUGUST 2022

At this time of the year, the shipping industry would typically be seeing a surge in orders as importers worldwide stock up and prepare for the year-end holiday sales. However, as shoppers grapple with inflationary pressures, the uncertainties around rising retail prices are clouding the outlook of a buoyant consumer spending ahead of Thanksgiving and Christmas as demands show signs of softening. In our August Market Update, we discuss the impact of the moderated consumer demand on ocean freight rates and vessel utilization.

CENTURY SPOTLIGHT

Although ocean import volumes are projected to remain well above the pre-COVID 2019 levels, ocean freight rates, one of the key indicators of the fluctuation in global trade, are on a continuous decline, reflecting the results of rising inflation and the resultant reduction in consumption. According to the latest industry freight indices excluding premium and surcharges, the slowdown in demand pushed the container freight rate from Asia to the United States further down to \$5,738 to the West Coast and \$9,150 to the East Coast, 69% and 54% lower than rates for the same timeframe last year, respectively.

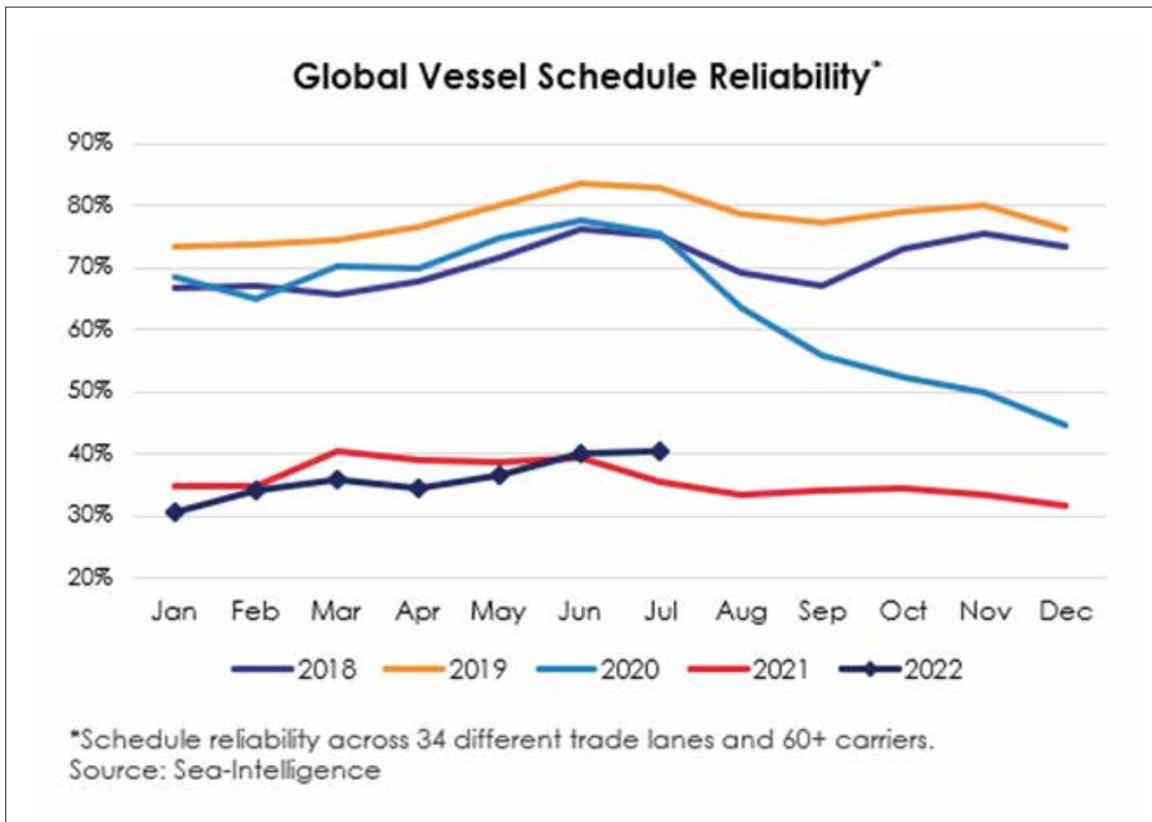


After seeing the most profitable years thanks to the pandemic-fueled shipping volumes, the container shipping lines share the same sentiment that demand is beginning to soften as spot rates continue to drop. The CEO of the French container line giant CMA CGM SA said they are seeing an “across-the-board drop in shipping rates” and expect that decline to continue. The downward trend in demands is also reflected in the in the vessel capacity deployment on the major transpacific trades as vessel utilization continues to drop. According to industry research, the vessel utilization rate is currently at around the 89% mark, below the 90-95% range that effectively means all capacity is fully utilized and spot rates are sustained.

With the ocean freight market beginning to shift towards normalization, demand is still strong despite the expected slowdown and remains well above the pre-pandemic 2019. As the volatile trends in international logistics in recent years have proven the importance of advanced cargo planning, our teams at Century will continue to work with you to ensure preparedness in each step of your supply chain! As usual, please contact your Century Account Manager and/or Sales Representative for further discussions on how we can help optimize your cargo movements!

OCEAN UPDATE

- According to industry analysts, Global carrier schedule reliability saw marginal improvement with a slight 0.5% uptick in July from the 40% recorded in June. Maersk ranked once again the most reliable carrier in July with an overall schedule reliability of 48%, followed by Evergreen and CMA CGM at 44.3% and 43%, respectively.



- Ocean carriers have announced GRIs for eastbound cargo from Asia to the United States and Canada, with an effective date of September 15. \$1,000 and \$1,125 will apply to each 40' and 40'HC container, respectively.
- Taiwanese liner Yang Ming has welcomed another new 11,000 TEU container vessel, the YM Throne, which will be deployed to serve the transpacific route PN3. The port rotation for the first voyage of YM Throne in PN3 is Hong Kong - Yantian - Shanghai - Pusan - Vancouver - Tokyo - Kobe - Pusan - Kaohsiung - Hong Kong
- Singaporean shipping line Pacific International Lines (PIL) added a Busan call to its South West Africa Container Services (SWS) as well as the recently launched West Coast South America 6 (WS6) services to further strengthen its service coverage to Africa, Latin America, the Red Sea/Middle East, and the Oceania markets. zal (Guatemala) - Buenaventura (Colombia) - Valparaiso (Chile) - Ningbo
- ONE has introduced a new port call in Mombasa, Kenya to its Middle East - India - Mozambique (MIM) service. The new rotation of this bi-weekly service is as follows: Jebel Ali - Mundra - Mombasa - Maputo - Jebel Ali.
- Maersk's Costa Rica Express (CRX) service added a weekly call at DP World Southampton starting from this month. This fresh fruits-loaded line connecting Central America with Europe will deploy 6 x 2,500 TEU with the following rotation: Antwerp - Bremerhaven - Veracruz - Altamira - Big Creek - Manzanillo - Moin - Cork - Southampton and back again.
- Maersk has altered its SAECS service by replacing north of Algeciras with a call to Port Tangier to provide a more efficient Northern Europe and the Mediterranean region transit time. The latest port rotation is as follows: Port Elizabeth - Durban - Cape Town - Port Tangier - Rotterdam - London Gateway - Bremerhaven - Rotterdam - Algeciras - Port Elizabeth.
- ONE announced a new weekly feeder service connecting Hazira, India with the regional transshipment hub, Singapore, effective from September 10. The port rotation will be as follows: Hazira - Colombo - Singapore.





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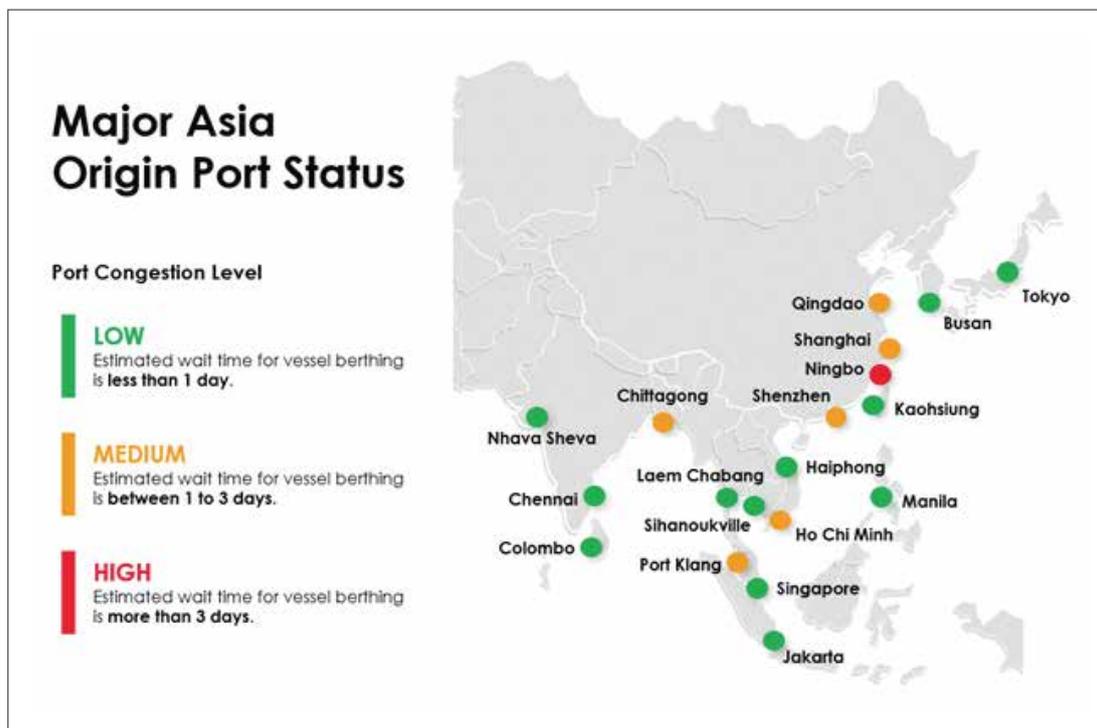
Century Express holds contracts with multiple ocean carriers and helps you realize schedule flexibility for your shipments. With Century Express as your NVOCC partner, you will have complete visibility of your shipments in VMS® as our NVOCC division leverages VMS® as the operating platform. We also consolidate NVOCC invoicing with your existing invoicing, keeping the number of documents issued for multiple services transparent and at a minimum. We engage with each carrier alliance and other independent carriers to ensure that we can provide choices and backup options to our customers. In addition, you can even leverage our LCL freight forwarding services to explore new sourcing opportunities in countries where you are not currently shipping to/from or have a contracted carrier. Contact your Century Representative today to learn more!

PORT UPDATE

- The ongoing negotiation between the International Longshore and Warehouse Union (ILWU) and Pacific Maritime Association (PMA) has reportedly hit a roadblock. The labor talks came to a standstill following an alleged fight over the control of equipment maintenance at a container terminal at the Port of Seattle. While ILWU will reportedly not move on to the negotiation on major issues of wages until the dispute over the repair work in Seattle, there has been no action by either party, resulting in increased slow down to the cargo flow.
- The twin ports of Los Angeles and Long Beach in southern California will postpone the potential assessment of the “Container Dwell Fee” for four weeks until September 23. Since the program was first introduced in October last year, the ports have seen a “combined decline of 46% in aging cargo on the docks”.
- Port congestion remains an issue at the Port of Savannah due to high import volume, extra loaders, and port reconstruction. As of week 34, there were 36 vessels waiting outside at anchor with a waiting time ranging from 9 to 18 days, depending on the size of the vessel.

- High yard density and impacted port productivity following labor actions continue to pose operational challenges across the northern European gateway. The increased vessel berthing time has led to ongoing congestion at terminals. Following ten rounds of collective negotiation, the United Services Union (ver.di) and the Central Association of German Seaport Companies (ZDS) have reached an agreement with a considerable salary increase for around 12,000 employees in German North Sea ports.
- The continuing lower water levels on the Rhine River are affecting the barge operations and cargo transportation to inland Europe. Alternatives to barges also remain limited due to low rail and truck availability. Carriers, including Hapag-Lloyd have introduced a low water pass-through surcharge.
- The 8-day strike ended at the Port of Felixstowe, the busiest container port in the United Kingdom with no agreement made between the 1,900 dock workers and the port's owner. The union Unite warned of further actions if the company would not negotiate further on a 7% pay offer. On England's western coast, the port workers at the Port of Liverpool also voted to walk out for a pay increase, with no dates set yet for the work stoppage.
- Port operations in southern China remain at a desirable level and have fully resumed after a one-day operational pause due to a typhoon. Yantian Port is maintaining the acceptance of laden containers 7 days prior to estimated vessel berthing. The average vessel waiting time ranges from 12 to 36 hours.
- The average yard utilization in Ningbo is currently at 69% with a waiting time of 0 to 1.5 days. Two berths at CMICT are not in operation due to crane damages. In Shanghai, the average berthing waiting time is approximately one day in both Yangshan and Waigaoqiao terminals.

Please refer to the below illustration for Century's assessment of the operating status at the major origin ports throughout Asia.



LANDSIDE UPDATE

- Due to the recent heavy monsoon rains and massive flooding in Pakistan, local trucking services have been adversely affected. According to our local team in Karachi, delays in cargo transportation, especially in the Balochistan province, are expected due to bad weather conditions. Karachi Port and Port Qasim are maintaining normal operations at the moment.

ASIA PACIFIC LOCAL UPDATE

- China is strictly adhering to the “dynamic zero” COVID-19 policy, deploying frequent mass testing and quarantine measures in a bid to keep cases at zero. The latest COVID outbreaks were reported in Sichuan and Hainan provinces. The local government of Shenzhen has announced the implementation of temporary control measures in Luohu District from August 29 to September 1, due to several locally transmitted cases. As for international travels, the country’s capital Beijing has gradually resumed international passenger flights from several countries, while Shanghai has eased the COVID-19 restrictions for overseas arrivals.
- In China, high temperatures have increased demand for electricity and put pressure on power supply. To conserve energy, some provinces have been subjected to restrictions in use of electric power since the start of August. There has been no impact to port operations in these areas.



TRADE & ECONOMIC HIGHLIGHTS

- According to the latest Global Trade Update released by UNCTAD, the value of global trade reached \$7.7 trillion in the first quarter of 2022. The number increased by \$1 trillion Year-over-Year and \$250 million Quarter-over-Quarter due to rising commodities prices. Trade growth is expected to remain positive, although it continues to slow in the second quarter of 2022.

CENTURY SOLUTIONS

Besides our suite of tools in VMS® that power your supply chains every day, the following solutions we offer provide you with alternatives to maximize the efficiency in your supply chain operations and mitigate the ongoing industry challenges.

- **Warehouse Storage** – Besides the normal CFS cargo flow through our warehouse network, we can also work with you to take on dedicated storage space to accept vendor deliveries based on their production schedules. This can help to alleviate pressure at vendor facilities while also ensuring that your cargo can be dispatched as soon as carrier space becomes available.
- **Value-added Services** – The wide range of value-added services we provide at origin CFS, such as pick and pack, consolidation, labelling, and palletization, gives you a one-stop solution for greater supply chain efficiency. Century can build direct store loads from our Asia CFS facilities to bypass transloads/DCs and streamline inbound delivery.
- **Origin Trucking Solution** – With support from your carriers, we can arrange trucking to alternate ports where carrier space is more readily available, allowing for greater flexibility in space planning to achieve forecasted departure dates.
- **Destination Services** – Our physical network in North America extends beyond the primary shipping hubs in California. Our coverage in the Pacific Northwest and the East Coast gives you alternative storage and transload options, as well as other destination services such as pick and pack and cross-dock services throughout the United States and Canada.
- **Customs Clearance & Brokerage** – Our team of licensed brokers and compliance experts will handle your documentation and clearance process directly with US Customs. As your trusted trade compliance partner, we help you avoid costly delays at the border and penalties for misfiling.

Contact our sales representatives today to understand how we can develop a customized solution to meet your supply chain needs! We will continue to work together with your teams to navigate these unique shipping times through every step in the supply chain.

Disclaimer: The information contained in this newsletter was provided by our partners across Asia and referenced from online sources that were not specifically authorized for third-party usage. The aim of this publication is for informational purposes only. While Century endeavors to validate the authenticity of the stipulated information, Century is not responsible for its accuracy and completeness and does not accept liability or responsibility for any actions taken upon reliance.

Sources:

1. Sea Intelligence: Low vessel utilization to fuel rate decline
2. Freightos Baltic Index
3. Sea Intelligence: Schedule reliability continues on an upwards trend
4. Hapag-Lloyd
5. Hamburg Süd
6. Global trade hits record \$7.7 trillion in first quarter of 2022



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