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# NEWSLETTER

January 2023

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#### THE ALLIANCE TO DEPLOY 23,500-TEUERS ON ASIA-N EUROPE TRADE

THE Alliance, with member carriers Hapag-Lloyd, Ocean Network Express (ONE), Hyundai Merchant Marine (HMM), and Yang Ming, said one of the key highlights will be the deployment of larger newbuild ships to the Asia and North Europe trade. The enhanced service setup will start from April 2023, and a modern series of fuel-efficient 23,500+ TEU vessels will replace existing smaller ships. This is part of THE Alliance's commitment to offer more sustainable services by minimizing the carbon footprint of its service network, reports London's Port Technology. Another major upgrade will be the additional deployment of 14,000/15,000 TEU vessels on the Asia and Mediterranean trade as well as on the US East Coast trade.

(Source: Shipping Gazette)

#### US RETAIL IMPORTS TO REMAIN LOW: NRF REPORTS

CONTAINER THE National Retail Federation reports that container imports have dropped to their lowest levels in nearly two years prompting the retail trade association to lower its forecasts for the start of 2023 while saying that the business has returned to pre-pandemic levels. "Ports have been stretched to their limits and beyond but are getting a break as consumer demand moderates amid continued inflation and high interest rates," said Jonathan Gold, NRF Vice President for Supply Chain and Customs Policy. "Consumers are still spending and volumes remain high, but we're not seeing the congestion at the docks and ships waiting to unload that were widespread this time a year ago. "In the monthly update of its Global Port Tracker, the NRF reports that container imports fell below two million TEU in November 2022 for the first time since February 2021, reports Fort Lauderdale's The Maritime Executive. Port volume plummeted to 1.78 million TEU, which was down more than 11 per cent versus the previous month and nearly 16 per cent from November 2021.

(Source: Shipping Gazette)

#### MIXED SIGNALS FOR AIRFREIGHT AS DEMAND DROPS IN NOVEMBER

THERE are mixed signals regarding air cargo's outlook after November saw another double-digit percentage decline in demand. The latest IATA statistics show that airfreight demand in cargo tonne km terms (CTK) declined by 13.7 per cent year on year in November. Capacity for the month fell by 1.9 per cent against last year and load factors were down 6.7 percentage points to 49.1 per cent. The decline is the ninth demand decline in a row and reflects high inflation that is curtailing the spending capacity of households, the ongoing war in Ukraine disrupting trade flows, and the unusual strength of the US dollar making commodities traded in dollars more expensive in local currency terms. Looking ahead, the airline association said the outlook was mixed, reports London's Air Cargo News. "Air cargo performance softened in November, the traditional peak season," said IATA director general Willie Walsh.

(Source: Shipping Gazette)

#### CHINESE NEW YEAR BRINGS BAD NEWS AS BLANK SAILINGS SOAR

OCEAN carriers blanked more than six times more sailings on the Asia-US west coast run leading up to Chinese New Year than they did in the same period in 2019, according to Xeneta data, reports the American Journal of Transportation. This may be the tip of the iceberg, as current data only counts blanked sailings announced before January 6, with the Chinese New Year arriving on January 22, said the benchmarking agency. Oslo-based Xeneta, which crowdsources real-time ocean freight rate data from global shippers, noted that, in the four weeks leading up to the holiday, carriers announced the blanking of 220,489 TEU. This is a dramatic increase from the 29,796 TEU blanked in the same period of 2019, the last full pre-pandemic year. Other leading corridors also suffered, with the Asia-North Europe trade seeing blanked sailings increase 715 per cent against 2019 figures, currently standing at 226,000 TEU, while those from the Far East to the US east coast increased 340 per cent to 140,000 TEU.

(Source: Shipping Gazette)

CHINA CONTAINERIZED FREIGHT INDEX

ROUTE	LAST PERIOD	THIS PERIOD
	2023/1/6	2023/1/13
CCFI	1255.89	1201.55
(JAPAN SERVICE)	1054.19	1020.63
(EUROPE SERVICE)	1753.37	1584.12
(W/C AMERICA SERVICE)	843.96	822.62
(E/C AMERICA SERVICE)	1364.14	1333
(KOREA SERVICE)	1003	901.38
(SOUTHEAST ASIA SERVICE)	696.27	672.11
(MEDITERRANEAN SERVICE)	2170.08	2183.06
(AUSTRALIA/NEW ZEALAND SERVICE)	1247.58	1260.6
(SOUTH AFRICA SERVICE)	1675.81	1604.75
(SOUTH AMERICA SERVICE)	676.51	667.25
(WEST EAST AFRICA SERVICE)	792.54	718.91
(PERSIAN GULF/RED SEA SERVICE)	1167.45	1154.69

#### PRICE WAR AMONG SHIPPING GIANTS EXPECTED IN 2023

SUPPLY-CHAIN disruptions have been prominent in the past two years coupled with limited shipping capacity and remarkably high container rates, reports the Wall Street Journal. However, 2023 will be rather different - and not in a good way, at least from the perspective of the world's shipping giants. Container spot rates started to slip in early 2022 and their descent accelerated in the second half of the year. The World Container Index compiled by London-based Drewry Shipping Consultants is down 77 per cent so far this year. And it may slide further still - signaling the end of a record earnings run for shippers. Rates are now not far above pre-pandemic levels. A price war among shipping companies is now expected. Slowing growth amid high inflation and interest rates in the US and an energy crisis in Europe may culminate in recession.

(Source: Shipping Gazette)

#### CHINA'S REOPENING FROM COVID SEEN AS POSITIVE FOR SHIPPING

CHINA'S reopening is causing positivity for shipping, while crew managers feel relief as the country has made crew changes easier for the first time in almost three years, reports Singapore's Splash 247. As part of ending its zero-Covid policy, China has allowed travel in and out of the country, with crew leaving or joining ships in China no longer needing to quarantine. Seafarers coming from overseas must now only take a covid test 48 hours prior to the departure of their last port of call before entering the nation. Airlines are ramping up the volume of flights in and out of the country regardless of the Covid numbers across China.

(Source: Shipping Gazette)

#### TURNING OF CARGO TIDE AS EAST COAST SUFFERS 9.7PC NOVEMBER DROP

THE coastal shipping shift from west to east and Gulf coasts ports failed to mask the 9.7 per cent slump in container import volumes in November suffered by eastern terminals, reports London's Loadstar. According to the McCown Report analysis of the top 10 US container ports, the east and Gulf Coast gateways saw a decline in imports in November, compared with November 2021 to 939,766 TEU. Nevertheless, the US east coast terminals fared better than their west coast rivals, where imports collapsed by a massive 26 per cent, to 721,876 TEU. Overall, the top US ports recorded a 17.5 per cent fall in containerized imports last month, compared with last year to 1,661,642 TEU.

(Source: Shipping Gazette)

#### CHINA'S EXPORT CONTAINER SHIPPING INDEX DOWN 4.3PC MID-JANUARY

FRENCH CHINA'S index of export container transport declined in the week ending January 13, according to the Shanghai Shipping Exchange, reports Xinhua. The average China Containerized Freight Index (CCFI) went down 4.3 per cent to 1,201.55 from the previous week, according to the exchange. The sub-index for the Korea service led the decrease with a week-on-week drop of 10.1 per cent. Bucking the trend, the sub-reading for the Australia/New Zealand service rose one per cent from a week earlier.

(Source: Shipping Gazette)

#### 2M OPERATING 'GHOST SHIP' SAILINGS OUT OF ASIA WITH DEMAND SLUMP

THE high number of blanked sailings from Asia to North Europe is leading to some carriers operating "ghost ship" loops on the tradelane. Alphaliner reported last week that the 2M's AE1/Shogun service was showing just the 14,036 TEU MSC Alexandra on a proforma loop that would normally deploy 11 vessels, ranging from 13,000 to 20,000 T. "Though not formally closed, the service is currently a 'ghost loop' that has lost almost its entire fleet," said the consultant. It said the 2M's capacity management strategy for the demand slump, and the expected slack period after Chinese New Year, was to concentrate its blanking on two of its six Asia-North Europe loops, including axing four AE55/Griffin departures and the AE1/Shogun cancellations, reports London's Loadstar.

(Source: Shipping Gazette)

#### CHINA PUBLIC HOLIDAYS

China offices will be closed from January 23rd to January 27th, 2023 and resume work from January 28th, 2023.

(Qingdao, Shanghai, Ningbo, Xiamen, Shenzhen)

Hong Kong will be closed from January 23rd to January 25th, 2023 and resume work from January 26th, 2023.