



# ASIA PACIFIC FREIGHT UPDATE

August - September 2023

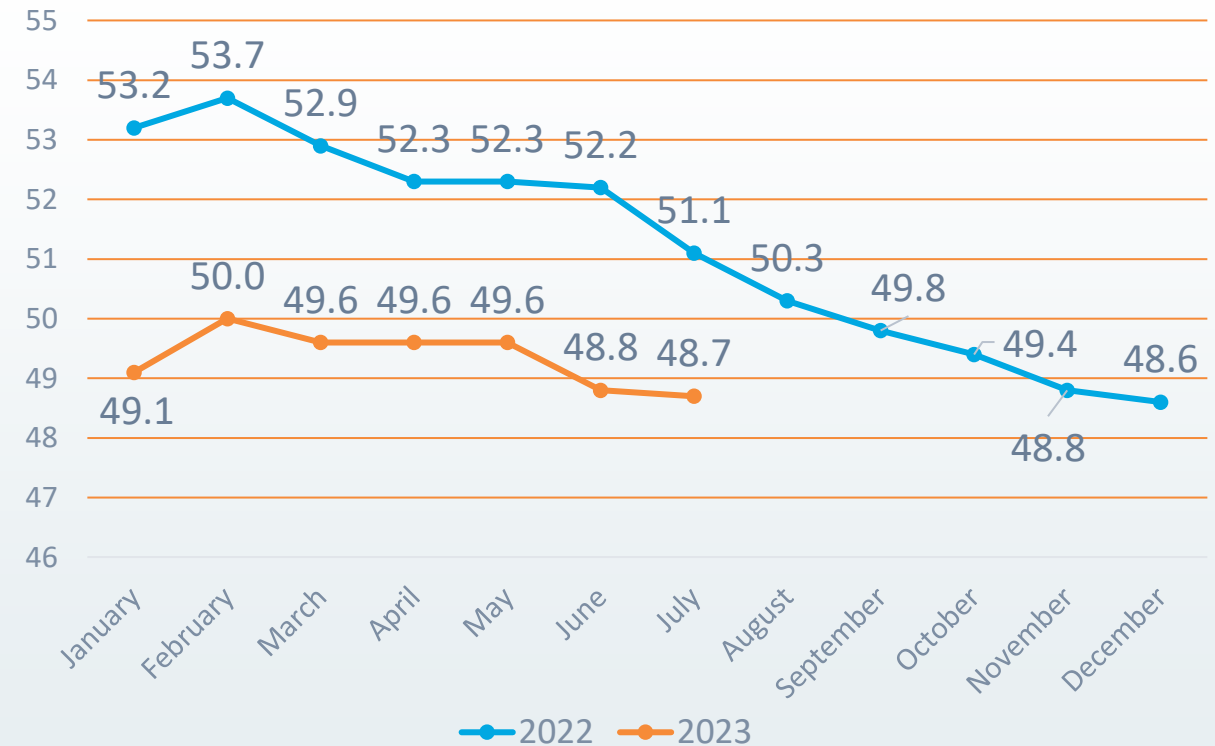


# ECONOMIC INDICATORS

## AUGUST - SEPTEMBER

The Global Manufacturing PMI for July dropped from 48.8 to 48.7

### Global Manufacturing PMI 2022 VS 2023



Source: S&P Global PMI

# GLOBAL OUTLOOK

AUGUST - SEPTEMBER

S&P Global published on August 9 that the slowing service sector had further worsened the downturn in the manufacturing sector for a second consecutive month, at the steepest rate since January. The global economy continued to lose its growth momentum for two consecutive months in July, falling from 52.7 to 51.7. Among the economic bodies, the Eurozone took the biggest hit, while growth also slowed in China, Russia, and Brazil. In contrast, India reported its strongest growth in 13 years, while Japan also posted a resilient but moderate expansion.

China's post-pandemic recovery is facing a headwind as the manufacturing sector shrank for the first time since January 2023. Exports of goods also fell sharply, at a rate not seen since September 2022. The Q2 GDP growth rate of 3.2% was a significant slowdown from the 8.8% growth rate in the first quarter of the year. It is worth closely monitoring the impact of the China Plus One Strategy on the Chinese economy and its neighboring countries in Southeast Asia and India.

Source: S&P Global

# ECONOMIC INDICATORS

## ASIA PACIFIC MANUFACTURING PMI

	2022						2023						
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
<b>Global</b>	51.1	50.3	49.8	49.4	48.8	48.6	49.1	50.0	49.6	49.6	49.6	48.8	48.7
<b>USA</b>	47.5	44.6	49.5	50.4	47.7	46.2	46.9	47.3	49.2	50.2	48.4	46.3	49
<b>China</b>	49	49.4	50.1	49.2	49.4	49	49.2	51.6	50.0	49.5	50.9	50.5	49.2
<b>Taiwan</b>	44.6	42.7	42.2	41.5	41.6	44.6	44.3	49	48.6	47.1	44.3	44.8	44.1
<b>Hong Kong</b>	52.3	51.2	48	49.3	48.7	49.6	51.2	53.9	53.5	52.4	50.6	50.3	49.4
<b>Japan</b>	52.1	51.5	50.8	50.7	49	48.9	48.9	47.7	49.2	49.5	50.6	49.8	49.6
<b>S. Korea</b>	49.8	47.6	47.3	48.2	49	48.2	48.5	48.5	47.6	48.1	48.4	47.8	49.4
<b>Singapore</b>	50.1	50.0	49.9	49.7	49.8	49.7	49.8	50.0	49.9	49.7	49.5	49.7	49.8
<b>Vietnam</b>	51.2	52.7	52.5	50.6	47.4	46.4	47.4	51.2	47.7	46.7	45.3	46.2	48.7
<b>Malaysia</b>	50.6	50.3	49.1	48.7	47.9	47.8	46.5	48.4	48.8	48.8	47.8	47.7	47.8
<b>Philippines</b>	50.8	51.2	52.9	52.6	52.7	53.1	53.5	52.7	52.5	51.4	52.2	50.9	51.9
<b>Indonesia</b>	51.3	51.7	52.9	51.8	50.3	50.9	51.3	51.2	51.9	52.7	50.3	52.5	53.3
<b>Thailand</b>	52.4	53.7	55.7	51.6	51.1	52.5	54.5	54.8	53.1	60.4	58.2	53.2	50.7
<b>India</b>	56.4	56.2	55.1	55.3	55.7	57.8	55.4	55.3	56.4	57.2	58.7	57.8	57.7
<b>Australia</b>	52.5	49.3	50.2	52.7	51.3	50.2	50.0	50.5	49.1	48.0	48.4	48.2	49.6

*The manufacturing Purchasing Managers' Index™ (PMI™) is a survey-based economic indicator designed to provide a timely insight into changing business conditions in the goods-producing sector.*

*A PMI reading over 50 indicates growth or expansion of the manufacturing sector of the country as compared to the previous month, while a reading under 50 suggests contraction. A reading at 50 indicates that the number of manufacturers reporting better business is equal to those stating business is worse.*

Source: S&P Global PMI

# AIR FREIGHT MARKET

## AUGUST - SEPTEMBER

The demand for e-commerce remains high, continually supporting the volume of air freight from Asia to the US and Europe.

Passenger flights in the Asia Pacific region have resumed 65.3% of their 2019 capacity, according to the International Air Transport Association (IATA). However, flights between the US and China are still operating at only 6% of pre-pandemic levels.

Apple's introduction of new products in September is expected to surge demand for air freight capacity, especially from China, Vietnam, and India to the United States and Europe.

The long holiday in China from September 29 to October 6, combined with the quarter-end demand in September, is expected to result in rate increases and capacity shortages for air freight on Intra-Asia, Asia-US, and Asia-Europe routes.



# AIR FREIGHT

## MARKET FORECAST (AUGUST 21 – SEPTEMBER 30)

### Air Freight Market Forecast

#### Asia -> Intra Asia

Origin (Country/District)	Air Hub	Space	Rate	
Greater China	Hong Kong	HKG	Soft	Stable
	South China	CAN/SZX	Soft	Stable
	Southeast China	XMN/FOC	Soft	Stable
	Central & East China	PVG	Soft	Stable
	North China	BJS/CGO/TAO	Soft	Stable
Northeast Asia	Korea	ICN	Soft	Stable
	Taiwan	TPE	Soft	Stable
Southeast Asia	India	MAA/BLR	Upturn	Stable
	Indonesia	CGK	Soft	Stable
	Malaysia	KUL	Soft	Stable
	Malaysia	PEN	Soft	Stable
	Philippines	MNL	Soft	Stable
	Singapore	SIN	Soft	Stable
	Thailand	BKK	Soft	Stable
	Vietnam	HAN	Tight	Stable
	Vietnam	SGN	Tight	Stable

### Air Freight Market Forecast

#### Asia -> US/CA

Origin (Country/District)	Air Hub	Space	Rate	
Greater China	Hong Kong	HKG	Soft	Stable
	South China	CAN/SZX	Upturn	Stable
	Southeast China	XMN/FOC	Soft	Stable
	Central & East China	PVG	Upturn	Rising
	North China	BJS/CGO/TAO	Upturn	Rising
Northeast Asia	Korea	ICN	Tight	Rising
	Taiwan	TPE	Backlog	Rising
Southeast Asia	India	MAA/BLR	Upturn	Stable
	Indonesia	CGK	Tight	Rising
	Malaysia	KUL	Soft	Stable
	Malaysia	PEN	Upturn	Rising
	Philippines	MNL	Soft	Stable
	Singapore	SIN	Upturn	Rising
	Thailand	BKK	Tight	Rising
Vietnam	HAN	Upturn	Rising	
Vietnam	SGN	Upturn	Rising	

Key for available space

**SOFT**  
Supply is more than demand

**UPTURN**  
Market is picking up, but demand of space can still be met by current supply.

**TIGHT**  
Space Gets tight. Pre-arrangement of space is needed.

**BACKLOG**  
Backlog of 1-2 days is found in the market.

**SERIOUS**  
Space demand critical, turnaround of booking found. Alternative routing may be needed.



# AIR FREIGHT

## MARKET FORECAST (AUGUST 21 – SEPTEMBER 30)

### Air Freight Market Forecast

#### Asia -> Europe

Origin (Country/District)	Air Hub	Space	Rate	
Greater China	Hong Kong	HKG	Soft	Stable
	South China	CAN/SZX	Soft	Stable
	Southeast China	XMN/FOC	Soft	Stable
	Central & East China	PVG	Soft	Stable
	North China	BJS/CGO/TAO	Soft	Stable
Northeast Asia	Korea	ICN	Soft	Stable
	Taiwan	TPE	Soft	Stable
Southeast Asia	India	MAA/BLR	Upturn	Stable
	Indonesia	CGK	Soft	Stable
	Malaysia	KUL	Soft	Falling
	Malaysia	PEN	Soft	Stable
	Philippines	MNL	Soft	Stable
	Singapore	SIN	Soft	Stable
	Thailand	BKK	Soft	Stable
	Vietnam	HAN	Upturn	Rising
	Vietnam	SGN	Upturn	Rising

### Air Freight Market Forecast

#### US/CA -> Asia

Origin (Country/District)	Air Hub	Space	Rate	
North America	US	US West Coast	Upturn	Stable
	Canada	YVR	Upturn	Stable

#### US/CA -> Europe

Origin (Country/District)	Air Hub	Space	Rate	
North America	US	US East Coast	Upturn	Stable
	Canada	YYZ/YUL	Upturn	Stable

#### Europe -> Asia

Origin (Country/District)	Air Hub	Space	Rate	
Europe	Netherlands	AMS	Soft	Stable
	UK	LHR	Soft	Stable
	Germany	FRA / MUC	Soft	Stable

#### Europe -> US/CA

Origin (Country/District)	Air Hub	Space	Rate	
Europe	Netherlands	AMS	Soft	Stable
	UK	LHR	Soft	Stable
	Germany	FRA / MUC	Soft	Stable

Key for available space

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# OCEAN FREIGHT MARKET

## AUGUST - SEPTEMBER

Despite all the frustrating factors pointing to a global market downturn, ocean freight rates for most long-haul lanes have been trending upwards in August. One of the major catalysts behind the rate increases is said to be the capacity cuts deployed by the carriers. According to Sea-Intelligence, 21.7% of capacity on the trans-Pacific to USWC was blanked in July, up from 14.7% in June.

As we approach the end of August, it's worth noting that ocean carriers have been reducing the number of scheduled sailings by around 9%. This is a response to the seasonal uptick in volumes during this period. While no obvious cargo surge has been observed during this year's peak season, we strongly suspect that ocean rates for key lanes, such as the trans-Pacific Eastbound (EB) and Europe/Mediterranean Westbound (WB), will revert to the surprisingly low level seen in Q2 2023. Rather than just focusing on cheaper rates, the attention should be on to the issues of blank sailings and the numerous general rate increases (GRIs) that carriers are likely to implement in the coming months.





# OCEAN FREIGHT

## MARKET FORECAST (AUGUST 21 – SEPTEMBER 30)

### Ocean Freight Market Forecast

#### Asia -> Asia (Intra Asia)

Trade Lane	Space	Rate
Northeast Asia -> Southeast Asia	Soft	Stable
Northeast Asia -> Indian Subcontinent	Soft	Stable
Southeast Asia -> Northeast Asia	Soft	Stable
Indian Subcontinent -> Northeast Asia	Soft	Stable

#### Asia -> North America (Trans-Pacific Eastbound - TPEB)

Asia -> US West Coast	Tight	Rising
Asia -> US East Coast	Tight	Rising
Asia -> US Gulf	Tight	Rising
Asia -> Canada	Upturn	Rising

#### Asia -> Europe (Far East Westbound - FEWB)

Asia -> European Base Ports	Soft	*Falling
Asia -> Mediterranean	Upturn	Stable

#### North America -> Asia (Trans-Pacific Westbound - TPWB)

US -> Asia	Soft	Stable
Canada -> Asia	Soft	Stable

#### Europe -> Asia

Europe -> Asia	Soft	Stable
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*\*Rate rising in the 1st half of the month but falling gradually in the 2nd half.*

<b>Key for available space</b>	<b>SOFT</b> Supply is more than demand	<b>UPTURN</b> Market is picking up, but demand of space can still be met by current supply.	<b>TIGHT</b> Space Gets tight. Pre-arrangement of space is needed.	<b>BACKLOG</b> Backlog of 1-2 days is found in the market.	<b>SERIOUS</b> Space demand critical, turnaround of booking found. Alternative routing may be needed.
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# TAIWAN



### Air Freight.

- The cargo space and rates from Taiwan to China, Southeast Asia, and Europe are stable. However, cargo space to the United States is experiencing a backlog, with rates rising due to increased transshipment cargo demand.
- The Taiwan-US freight rate is expected to continue to rise in September, driven by strong e-commerce demand. Chinese e-commerce companies have also been sending some cargo to Taiwan and Hong Kong for transshipment. Cargo operators pointed out that about half of the flight space for the Taiwan-US route is used for China's re-exports from e-commerce companies. As a result, space for August is expected to be full until September.
- Air cargo tonnage in July increased by 0.7% for air exports and 6.5% for air imports compared to the previous month.

### Ocean Freight

- Transpacific - Two GRIs (General Rate Increases) were implemented in August. However, market rates continued to decrease due to insufficient cargo demand. Carriers have also reduced capacity, so rates may rise despite declining cargo volumes.
- Europe – A General Rate Increase (GRI) was implemented on August 1st, but the market rate dropped immediately. There is not much blank sailing, so there is sufficient space available. However, there is not enough cargo to fill the available space, so the rate cannot increase. Carriers are open to negotiate with shippers to find a mutually agreeable rate.

## CHINA MARKET SITUATION

# EAST CHINA



### Air Freight

- Charter flights were added for the Nanjing – Toronto and Hefei – Dallas routes, with export cargo mainly for cross-border ecommerce and general cargo.
- As the summer holiday season ends, routes to Europe are beginning to see a slight increase in activity in September.
- Due to Apple's upcoming product launch, shipping capacity to the US and Europe may be tight in September.

### Ocean Freight

The export container transportation market in Shanghai is generally stable.

**Transpacific** - Transportation demand remains stable, with spot rates increasing substantially. However, there will be a weight limitation of 7 tons per TEU (including tare weight) due to the severe drought in the Panama Canal. This could lead to vessel delays of up to 1-2 weeks.

**Europe** – The European market is experiencing fluctuations, with rates rising in the 1<sup>st</sup> half and falling in the 2<sup>nd</sup> half.

**Intra-Asia** - Both market demands and rates are on a downward trend.

## CHINA MARKET SITUATION

# NORTH CHINA



### Air Freight

Space and rates for Southeast Asian routes are stable. However, the North American route became very tight in early August due to the increase in e-commerce shipments and the peak season ahead of the national holiday. Prices continue to rise, so it is advisable to book your space at least one week in advance.

### Ocean Freight

**Southeast Asia and India** - Rates are dropping for SEA while rising for India.

**Trans-Pacific** - Carriers have increased market rates twice in recent months with General Rate Increases (GRIs). There will be a weight limitation of 7 tons per TEU (including tare weight) due to the severe drought in the Panama Canal. This could lead to vessel delays of up to 1-2 weeks.

**Europe** - Carriers are expected to execute strategic blank sailing in September to maintain market rate levels.

# SOUTH CHINA & HONG KONG



## Air Freight

- Rates from South China to Europe and the US remain stable in August, mainly affected by the volume of e-commerce shipments. Rates to Southeast Asia are also stable. The Hong Kong market remains flat at the moment, although the market situation can fluctuate weekly.
- A new charter flight from Guangzhou to Chicago will operate on Mondays, starting from August 8th. It will be operated by National Air Cargo and may expand to include Thursdays after stabilization. The main source of goods for this charter flight is e-commerce goods. This charter will increase capacity to this route.

# SOUTH CHINA & HONG KONG



## Ocean Freight

### South China:

- **USA** - The US West Coast and East Coast are facing tight container space availability due to a severe drought in the Panama Canal. The canal is limiting the weight of cargo that can be carried, leading to vessel delays of up to 1-2 weeks. There is no congestion at US base ports, so the waiting time for discharge is around 2 days.
- **Intra-Asia** - For the Intra Asia trade lane, the market has not rebounded yet and freight rates are stable.
- **Europe** - space is increasing , and rates are stable.

### Hong Kong:

- **USA** – Freight rates from Hong Kong to the US West Coast/East Coast are rising substantially since carriers have blanked sailings since July.
- **Southeast Asia** – Freight rates are relatively softening, while the space is not an issue for Southeast Asia. Due to the typhoon season in summer, vessel schedules might be delayed by one to two days.
- **Europe** – Rates are stable with available spaces.



## CHINA TO EUROPE CROSS BORDER RAIL

# CHINA -EUROPE FREIGHT TRAIN OPERATES SMOOTHLY

### China – Europe:

The China-Europe freight train is running smoothly, with average reloading times:

Alashankou	3 Days
Khorgos	7 Days
Manzhouli	6 Days
Erenhot	10 Days
Malasevic	12 – 15 Days
Milan   Budapest   Duisburg	22 – 24 Days

### China – Russia:

The transit time of freight trains from domestic terminals to Moscow's surroundings can vary significantly. It usually takes 15-24 days, but it could be extended by 5 days due to the repair of the railway track between Kazakhstan and Russia border. This has caused congestion and delays, with more than 2,000 wagons stacked up at the border.



# SOUTH KOREA



### Air Freight

- Southeast Asia and China – the air export market volume remained slow in August as shipping demand is shifting from air freight to ocean freight.
- USA and Europe – The air export market is becoming increasingly tight due to the sustained strong demand for e-cigarettes from China, which are then re-exported to the US and Europe. The increasing e-commerce demand from Incheon is also contributing to the tightness of the market.
- Airlines will increase the outbound fuel surcharge to IATA Traffic Conference (TC) areas from August 16 to September 15, 2023. The surcharge will be 21.4% for TC1/TC2 and 21.1% for TC3 at Incheon International Airport.

### Ocean Freight

- The market volume has continuously increased during the past 2 months by 12% year-on-year
- Several carriers are attempting to recover rates for Korea-Europe lanes during the upcoming peak season, with prices ranging from \$200 to \$800 per TEU and \$500 to \$1,800 per FEU.
- The success of the General Rate Increase (GRI) is uncertain due to the imbalance between supply and demand, especially with the addition of new container vessels.

# CROSS BORDER TRUCKING SITUATION: SOUTHEAST ASIA - CHINA

## BORDER CONDITION NORMAL

### Incoming Holidays for September

Upcoming Holidays		
SEPT 1 - 4	Vietnam National Day	Vietnam
SEPT 16	Malaysia Day	Malaysia
SEPT 28	Prophet Muhammad Birthday	Malaysia/Indonesia

### Recommendation

|1| For cargo schedules that fall under holidays, discuss with your freight forwarder the best solution.

*Note: Pingxiang and Dongxing Border is used for cross border trucking movement between Southeast Asia and China. However, Pingxiang border is recommended due to its wide-range commodity operations. Special commodities such as, DG cargo or Lithium ION Battery shall be checked in case by case through Pingxiang and Dongxing Borders.*



# CROSS BORDER TRUCKING TRANSIT TIME

Origin	Destination	Transit Time
Thailand	East China (Kunshan)	5 - 7 Days
	South China (Guangzhou/Shenzhen)	4 - 5 Days
	Vietnam Malaysia Singapore	3 - 4 Days
Shenzhen	Hanoi	2 Days
Shanghai		4 Days
Hanoi	Shenzhen	2 Days
	Shanghai	4 Days
Malaysia	Singapore	1 Day

# SOUTHEAST ASIA AND INDIA (1/4)



## Thailand

<b>Air</b>	1  The rainy season in Thailand will continue until October.  2  Airlines are open to negotiate big volumes on routes to Asia as rates drop 5% with loose space 3  Bangkok Terminal will implement a new entrance queuing system for terminal pickup and delivery starting Sept. 2023. Logistics service providers must book a slot in the system and provide the trucker information before pick-up and delivery.  4  The space from Bangkok to the US is tight due to the congestion between transit ports. The normal lead time of 2 – 4 days now extends to around 5 – 7 days. The rate has increased at around 40 – 50% for all US destinations. It is forecasted that this situation will continue until late Sept. 2023.
<b>Ocean</b>	1  Cargo space is competitive where freight forwarders need service contracts in order to ensure space.  2  Rates from Asia to the US have increased for both the East and West coast.

### Recommendation

**|Air| 1** - Discuss with your freight forwarder on enhancement of packaging to prevent cargo damage during the rainy season. **2** – Ensure that your freight forwarder knows about the terminal queuing system.  
**|Ocean|** Book 3-5 weeks in advance to ensure space.

# SOUTHEAST ASIA AND INDIA (2/4)



## Vietnam

<b>Air</b>	<p> 1  Due to the increase in e-commerce business between China and the US, almost all airline gateways and transit hubs are facing space pressures. The rates to the US have been increasing since the second half of July. The rates to Europe have increased slightly, while the rates to China and Southeast Asia remain the same.</p>
<b>Ocean</b>	<p> 1  Wan Hai Line restructured the Korean – Vietnam South Bound (KVS S/B) service from Cat Lai, with an added port calling at Port Klang West Port:</p> <ul style="list-style-type: none"> <li>• Transit time of 2 days</li> <li>• Effective from ETD Cat Lai Port Aug 22, 2023.</li> </ul> <p> 2  KMTTC announces a new direct service, Vietnam Gulf India (VGI) from Cai Mep to India &amp; Middle East.</p> <ul style="list-style-type: none"> <li>• Rotation: Cai Mep – Laem Chabang – Port Klang – Nhava Sheva – Jebel Ali – Dammam – Sohar – Nhava Sheva – Port Klang – Cai Mep.</li> <li>• Maiden Voyage – ETD from Cai Mep Sept. 5, 2023</li> </ul>

### Recommendation

**|Air|** Package your cargo in cartons instead of pallets to make it more flexible for arrangement in different aircraft types and book at least a week before the Estimated Time of Departure (ETD).



# SOUTHEAST ASIA AND INDIA (3/4)



## Indonesia

<b>Air</b>	1   Airfreight demand has fallen by 40-70% year-to-date (YTD), as shippers have shifted to sea freight due to weaker economic conditions and lower demand for goods such as garments.   2   There is a 30% rate increase for routes to the US.
<b>Ocean</b>	1   The space issue to the Middle East from the previous month has persisted into this month. There is difficulty in securing space and equipment due to continued high demand.

## Singapore

<b>Air</b>	1   The strong demand for AI and electronics has led to a rush for air cargo space for exports from Asia to the US. The rates export from Singapore to the US has increased nearly 40% with limited space and an additional expected lead time for 2-3 days.
<b>Ocean</b>	1   Carriers have implemented various General Rate Increases (GRIs) due to a stronger demand. In general, rates are increasing for long-haul routes, only slightly higher than the previous months.   2   Blank sailings are deployed by shipping lines for either long-haul or Intra-Asia.

## Recommendation

| **Ocean** | Book 1-2 weeks in advance to ensure there is time to adjust to possible blank sailings.

# SOUTHEAST ASIA AND INDIA (4/4)



## Philippines

<b>Air</b>	1   Rates to North America are picking up as carriers' hubs see higher cargo volumes. In contrast, rates to Asia Pacific and Europe are forecasted to remain soft with available spaces.
<b>Ocean</b>	1   The rates for shipping from Manila to the US continue to increase, as most shipping lines have implemented General Rate Increases (GRIs). However, there is still space available on most shipping lines. Intra-Asia rates remain stable, with space also available on most shipping lines.   2   Port congestion is likely to occur as the peak season approaches for the Philippines.   3   Wan Hai Line has resumed its Mindanao – Hong Kong – Taiwan (MHT) service in response to the growing demand for international trade in Mindanao.

## Malaysia

<b>Air</b>	1   Both Emirates (EK) and Malaysia Airlines (MH) have revised their Fuel Surcharges effective August 1 <sup>st</sup> .   2   The air capacity and rates from Malaysia to Intra-Asia, US, and Europe are all stable. However, the overall market for exports from Kuala Lumpur has reduced, with some airlines cancelling their freighter due to low demand. On the other hand, the exports from Penang to the US is expected to increase in September.
<b>Ocean</b>	1   COSCO Shipping Line will be revising their Telex Release fee effective August 15th.   2   Evergreen Line will be implementing Rate Restoration (R/R) from Penang to China, Hong Kong, Taiwan, Japan and Korea which will be in effect on 28 <sup>th</sup> of August.

## AIR AND OCEAN MARKET SITUATION

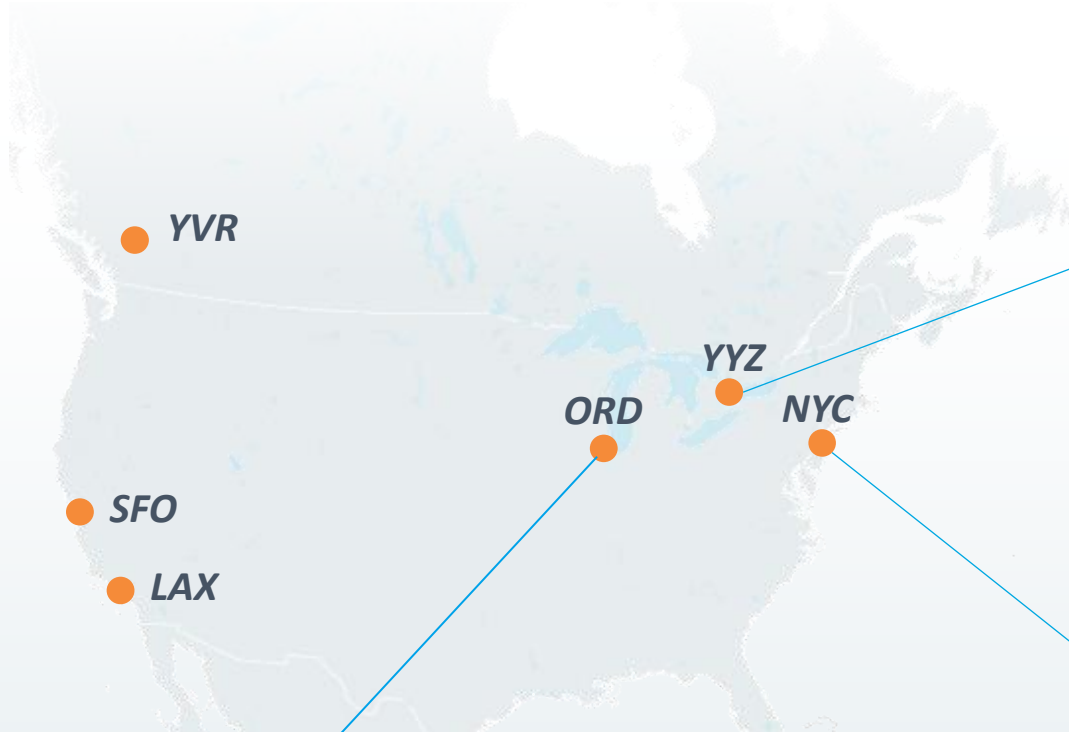
# NORTH AMERICA

Businesses are hesitant to place new orders as they are unsure how much consumers will spend. Consumer behavior is shifting towards services, and savings are dwindling for those who were able to save during the pandemic. Destocking is ongoing but improving slowly. However, there is speculation that there will be a surge in orders in October-November as companies realize they do not have enough holiday inventory. This could lead to an increase in air freight demand during this period.

The Panama Canal is experiencing a severe drought, which has led to authorities implementing restrictions on vessels. Only a limited number of vessels and containers can cross each day, and this restriction is expected to remain in place until 2024. As a result, several companies have begun looking into shifting cargo to the US West Coast or routing via the Suez Canal.

Shipping lines are expected to announce a fuel surcharge in the range of \$300 to \$500. Hapag-Lloyd and CMA-CGM have already announced a surcharge of \$500.

# RATE & SPACE ARE STABLE, FUEL SURCHARGE ON THE RISE AGAIN



### Chicago (ORD):

- Capacity to Europe increased in August compared to July. Rates remain the same.
- Fuel Surcharge (FSC) will increase in September.
- Regarding trucking, YRC Freight's closure influenced other carriers' performance.

### Toronto (YYZ):

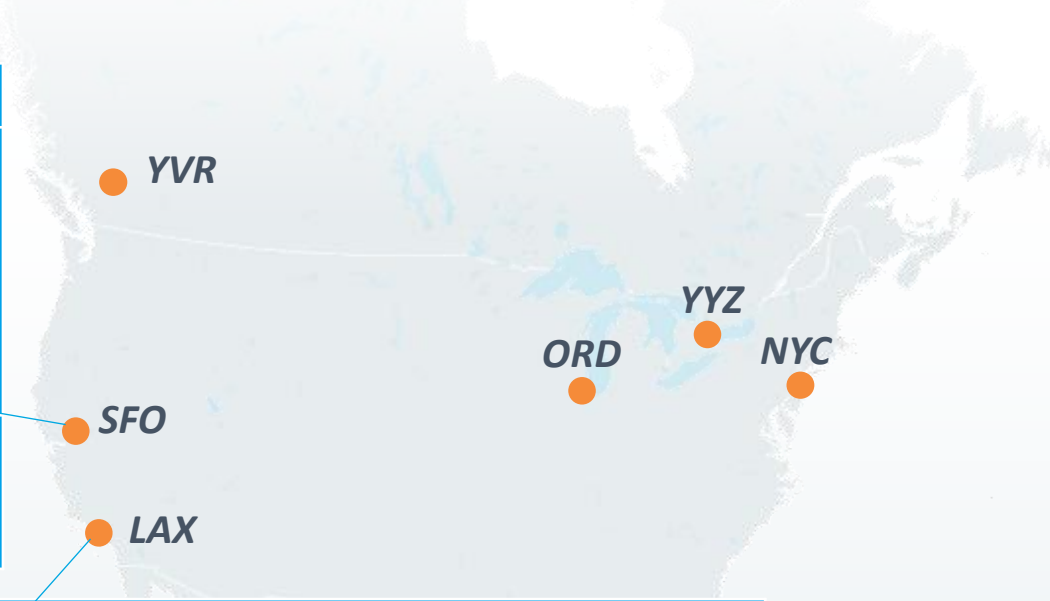
- |    |   |
|----|---|
| AE | <ul style="list-style-type: none"> <li>• Flights to smaller ports in China (Ningbo and Dalian) remain suspended.</li> <li>• There are limited direct options to Europe with more service to hub cities (FRA, CDG, MXP and MAD). The resumption of the summer schedule will lead to more direct routes to Europe Gateways (AMS, ATH, BCN, LIS, LGG &amp; BSC.)</li> <li>• Space &amp; rates to Asia-Pac and Europe are normal.</li> <li>• There's a slight increase in FSC.</li> </ul> |
|----|---|

### New York (NYC):

- |    |  |
|----|--|
| AE | <ul style="list-style-type: none"> <li>• Space is soft to Europe but normal to the Asia Pacific.</li> <li>• The rate to Asia Pacific and Europe is normal.</li> <li>• Current FSC for major airlines:<br/>China Airlines \$1.15   Eva Air \$0.85   Cathay Pacific \$0.7   Air China \$0.7</li> </ul> |
| AI | <ul style="list-style-type: none"> <li>• JFK allows only 24 hours of free time after cargo arrival.</li> <li>• Avoid flights arriving in JFK on Fridays and Saturdays.</li> <li>• The current truck fuel surcharge is at 35%–40% .</li> </ul>  |

# RATE & SPACE ARE STABLE, FUEL SURCHARGE ON THE RISE AGAIN

San Francisco (SFO):	
AE	<ul style="list-style-type: none"> <li>• There are minor backlogs to the Asia Pacific due to perishables, while capacity to Europe is open.</li> <li>• The rate to Asia Pacific is stabilizing and declining, while the rate to Europe is below average.</li> <li>• Space to Penang is constantly congested, but DHL's new freighter service from San Francisco in August should help to alleviate the congestion.</li> </ul>
AI	<ul style="list-style-type: none"> <li>• There is no terminal congestion.</li> <li>• The LTL market has available capacity, while the FTL market remains strong. However, fuel surcharges are still high due to the sustained high prices of diesel.</li> </ul>



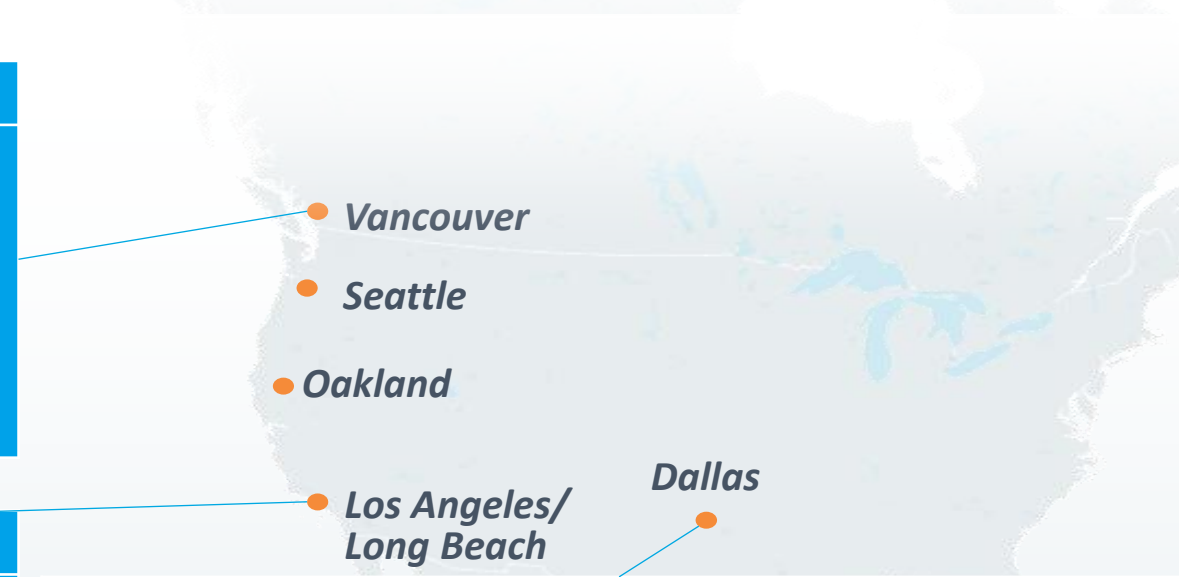
Los Angeles (LAX):	
AE	<ul style="list-style-type: none"> <li>• Fuel costs are rising again, but carriers have not yet announced any major adjustments to their rates.</li> <li>• The rates are stable for both Europe and Asia Pacific, with spot rates being offered aggressively.</li> <li>• The bankruptcy of Yellow Freight has led to an increase in LTL rates.</li> </ul>
AI	<ul style="list-style-type: none"> <li>• The increase in fuel cost has led the local truckers to consider raising their rates.</li> <li>• Several delays on the routes from Singapore and Shenzhen via Taipei and Hong Kong have resulted in the transit commitment being unmet.</li> <li>• The terminals are still understaffed, which could lead to longer breakdowns if there is a sudden increase in inbound volume towards the end of the quarter.</li> </ul>

## NORTH AMERICA OCEAN PORT SITUATION

### VANCOUVER PORTS CLEARING BACKLOG, USWC PORTS FACE MINOR DELAYS

Vancouver	
OE	<ul style="list-style-type: none"> <li>• Port dwell time is 3-4 days.</li> <li>• Vessel arrival is returning to normal, but there are still some delays of 2-3 days in Vancouver port compared to the original schedules.</li> <li>• The average dwell time for containers at the Vancouver rail terminal is 7-10 days, while the average dwell time at the Prince Rupert rail terminal is 5-7 days.</li> </ul>

Los Angeles/Long Beach	
OE	<ul style="list-style-type: none"> <li>• FCL rate remains the same. However, LCL to Hong Kong, Shanghai, and Singapore lowered to \$20 per weight measured.</li> <li>• Feeder vessel space to Southeast Asia is still tight.</li> <li>• Capacity is sufficient, and prices are negotiable</li> <li>• Some delays are expected due to typhoon season.</li> </ul>
OI	<ul style="list-style-type: none"> <li>• The average turn time is longer.</li> <li>• The average time it takes for a container to be discharged from a vessel and reach its last free day has been reduced from 7 days to 5 days.</li> </ul>



Dallas	
OE	<ul style="list-style-type: none"> <li>• Price shows signs of increasing.</li> <li>• Capacity will be tight due to vessel cancellations.</li> </ul>
OI	<ul style="list-style-type: none"> <li>• Capacity has increased due to the slow market</li> <li>• Railroad congestion in Santa Teresa, El Paso, and Dallas has worsened due to a severe shortage of equipment and workers.</li> <li>• There is a risk of significant delays with no ability to recover the containers.</li> </ul>



## NORTH AMERICA OCEAN PORT SITUATION

### US EAST COAST, CENTRAL PORTS SEE NO CONGESTION



#### New York, New Jersey & Norfolk:

- The slow market has led to no port congestion at New York, and both Global Container Terminal (GCT) and New York Container Terminal (NYCT) are offering a toll-free surcharge. The ocean export rate is also stable.
- For LCL, all New York CFSs can only provide 3 days of free time instead of 4 days after cargo devanning.
- FCL shipments will be discharged within 1-2 days, and the Last Free Day (LFD) remains the same at 4 free days after discharge.
- The fuel/trucking rate is between 35%-45%.

#### Chicago

- |    |   |
|----|---|
| OE | • Rate and Capacity are stable for both Asia Pacific and Europe.                                    |
| OI | • There is no port congestion, and containers can be loaded onto the rail 2-3 days after discharge. |

#### Jacksonville

- MSC has upgraded their Scan Baltic Service which connects Jacksonville to 7 destination in North Europe from fortnightly to weekly.

# WHAT TO WATCH

## **Yellow Freight Trucker Files for Bankruptcy**

Yellow Freight, a major trucking company, filed for bankruptcy after years of financial struggles. This bankruptcy is likely to have a significant impact on the trucking industry, as Yellow Freight is a major player in the field. It could result in higher shipping costs, and delays in deliveries, and potential job losses within the trucking industry.

## **Panama Canal's Severe Drought Affects Shipping**

The Panama Canal is facing a severe drought, resulting in water levels dropping to their lowest point in 50 years. This has forced the canal authority to reduce the number of ships allowed to pass through daily, causing delays and congestion. The drought is exacerbated by climate change, contributing to the region becoming drier and hotter. This is a major concern for shippers, as it may lead to further disruptions and canal delays.

## **New South Atlantic Chassis Pool Starting Q4 2023**

There is a new South Atlantic Chassis Pool (SACP) that will start in the 4th quarter of 2023. The SACP is a joint initiative of the major ocean carriers operating in the South Atlantic region, and it is designed to improve the efficiency and reliability of chassis supply in the region. The SACP will be managed by a neutral third party, and it will initially have a fleet of 10,000 chassis.

## **India Imports Restrictions for Laptop Tablets & Desktop**

The government has imposed a licensing requirement for imports of these products, effective from November 1, 2023. Companies will need to obtain a license from DGFT (Directorate General of Foreign Trade) before importing commodities under the HS Code 8471, which includes laptops, tablets and desktops. The move is part of the government's "Make in India" initiative, which aims to boost domestic manufacturing by promoting local manufacturing and reducing India's reliance on imports.



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