



ASIA PACIFIC FREIGHT UPDATE

June - July 2023



GLOBAL 2023 ASIA PAC FREIGHT OUTLOOK

S&P Global's June report showed that global economic activity rose steadily but mildly from 54.2 to 54.4 in May. However, it was underscored by a divergence in the post-pandemic demand between the service and manufacturing sectors at the widest since 2009 in May. The same trend was seen in global trade, with exports of services posting their largest monthly growth momentum since 2014, while trade in goods continued to decline.

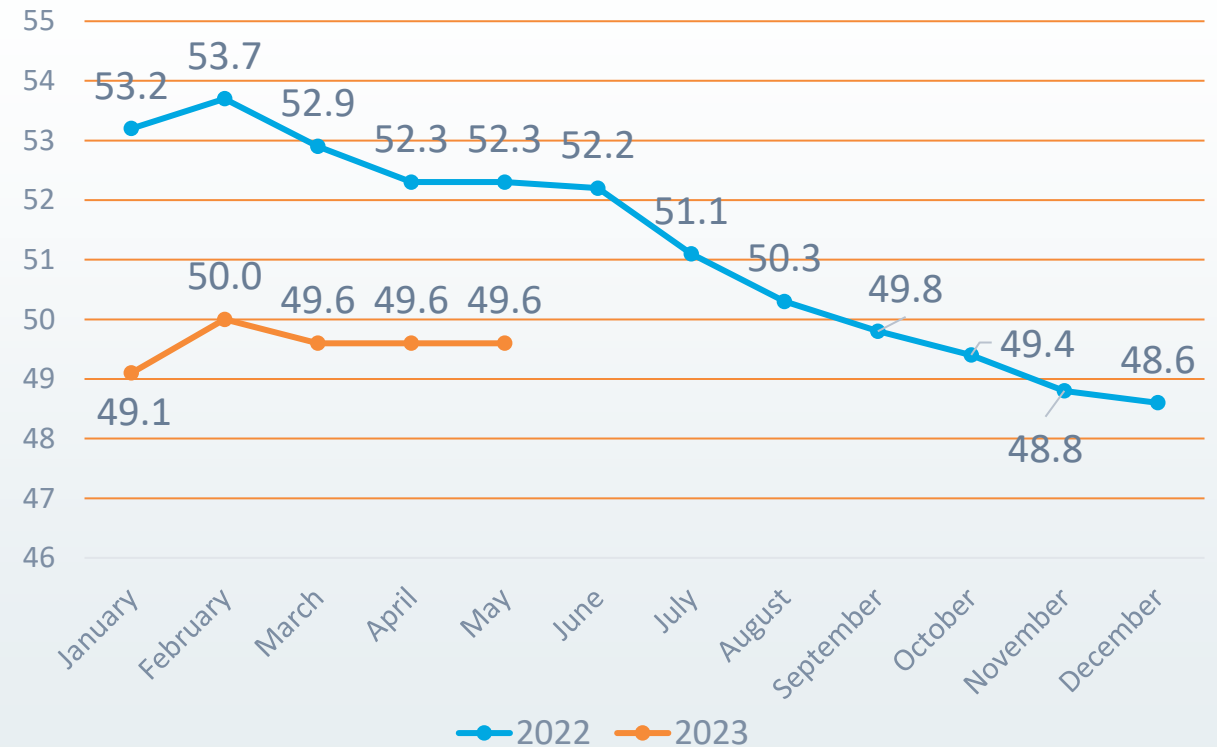
Source: S&P Global



ECONOMIC INDICATORS

The Global Manufacturing PMI for May remained unchanged at 49.6

Global Manufacturing PMI 2022 VS 2023



Source: S&P Global PMI

ECONOMIC INDICATORS

ASIA PACIFIC MANUFACTURING PMI

| | 2022 | | | | | | | | 2023 | | | | |
|--------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May |
| Global | 52.3 | 52.2 | 51.1 | 50.3 | 49.8 | 49.4 | 48.8 | 48.6 | 49.1 | 50.0 | 49.6 | 49.6 | 49.6 |
| USA | 53.6 | 52.3 | 47.5 | 44.6 | 49.5 | 50.4 | 47.7 | 46.2 | 46.9 | 47.3 | 49.2 | 50.2 | 48.4 |
| China | 49.6 | 50.2 | 49 | 49.4 | 50.1 | 49.2 | 49.4 | 49 | 49.2 | 51.6 | 50.0 | 49.5 | 50.9 |
| Taiwan | 50.0 | 49.8 | 44.6 | 42.7 | 42.2 | 41.5 | 41.6 | 44.6 | 44.3 | 49 | 48.6 | 47.1 | 44.3 |
| Hong Kong | 54.9 | 52.4 | 52.3 | 51.2 | 48 | 49.3 | 48.7 | 49.6 | 51.2 | 53.9 | 53.5 | 52.4 | 50.6 |
| Japan | 53.3 | 52.7 | 52.1 | 51.5 | 50.8 | 50.7 | 49 | 48.9 | 48.9 | 47.7 | 49.2 | 49.5 | 50.6 |
| S. Korea | 51.8 | 51.3 | 49.8 | 47.6 | 47.3 | 48.2 | 49 | 48.2 | 48.5 | 48.5 | 47.6 | 48.1 | 48.4 |
| Singapore | 50.4 | 50.3 | 50.1 | 50.0 | 49.9 | 49.7 | 49.8 | 49.7 | 49.8 | 50.0 | 49.9 | 49.7 | 49.5 |
| Vietnam | 54.7 | 54.0 | 51.2 | 52.7 | 52.5 | 50.6 | 47.4 | 46.4 | 47.4 | 51.2 | 47.7 | 46.7 | 45.3 |
| Malaysia | 50.1 | 50.4 | 50.6 | 50.3 | 49.1 | 48.7 | 47.9 | 47.8 | 46.5 | 48.4 | 48.8 | 48.8 | 47.8 |
| Philippines | 54.1 | 53.8 | 50.8 | 51.2 | 52.9 | 52.6 | 52.7 | 53.1 | 53.5 | 52.7 | 52.5 | 51.4 | 52.2 |
| Indonesia | 50.8 | 50.2 | 51.3 | 51.7 | 52.9 | 51.8 | 50.3 | 50.9 | 51.3 | 51.2 | 51.9 | 52.7 | 50.3 |
| Thailand | 51.9 | 50.7 | 52.4 | 53.7 | 55.7 | 51.6 | 51.1 | 52.5 | 54.5 | 54.8 | 53.1 | 60.4 | 58.2 |
| India | 54.6 | 53.9 | 56.4 | 56.2 | 55.1 | 55.3 | 55.7 | 57.8 | 55.4 | 55.3 | 56.4 | 57.2 | 58.7 |
| Australia | 52.4 | 54.0 | 52.5 | 49.3 | 50.2 | 52.7 | 51.3 | 50.2 | 50.0 | 50.5 | 49.1 | 48.0 | 48.4 |

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

AIRFREIGHT MARKET UPDATE

The cancellation of many freighters during the Dragon Boat Festival could lead to a supply shortage by the end of June and the beginning of July.

The market has remained flat overall, except for a surge in e-commerce shipments during the 6.18 promotion.

With the summer holiday season starting in July, more passenger flights will resume in the market, offering more belly capacity for cargo shipments.

China Airlines has announced that it will be canceling all freighter flights to and from Vietnam in July due to a decrease in cargo support on this route.



AIR FREIGHT MARKET FORECAST (JUNE 19 – JULY 31)

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 | Falling |
| | Malaysia | PEN | Soft | Stable |
| | Philippines | MNL | Soft | Stable |
| | Singapore | SIN | Soft | Stable |
| | Thailand | BKK | Upturn | 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 | Falling |
| | 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 | Tight | Stable |
| | Taiwan | TPE | Upturn | Stable |
| Southeast Asia | India | MAA/BLR | Upturn | Stable |
| | Indonesia | CGK | Soft | Stable |
| | Malaysia | KUL | Soft | Falling |
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| | Philippines | MNL | Soft | Stable |
| | Singapore | SIN | Soft | Falling |
| | Thailand | BKK | Soft | Stable |
| | 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 (JUNE 19 – JULY 31)

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 |
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| | 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 |

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OCEAN FREIGHT MARKET UPDATES

The yo-yo fluctuation in ocean freight rates in June reflects the softer global trade flows. As long as most carriers continue to struggle with unsatisfactory filling factors (FF), the market will need to constantly weigh the trade-offs between general rate increases (GRIs) and fallbacks.

In Q2, the overall long-haul capacity deployed by carriers has rebounded by 15% compared to Q1. This increase was driven by a 10% increase in Transpacific Eastbound (EB) capacity and a 25% increase in Europe Westbound (WB) capacity. On the other hand, the weekly capacity cut by carriers for Transpacific EB and Europe WB has been reduced from an average of 25% and 20% YTD, respectively, to less than 10% for both in the following weeks. It is worth keeping an eye on the evolution of these two factors in the coming months.

The International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) reached an agreement on a new six-year contract on June 14. The agreement brought an end to the job actions that had been slowing cargo at ports on the U.S. West Coast. According to the Journal of Commerce, the ILWU will receive a 32% wage increase, as well as an additional \$70 million bonus to reward dockworkers for their service during the COVID-19 pandemic.



OCEAN FREIGHT MARKET FORECAST (JUNE 19 – JULY 31)

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 | Soft | Falling |
| Asia -> US East Coast | Soft | Falling |
| Asia -> US Gulf | Soft | Falling |
| Asia -> Canada | Soft | Falling |

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 | Falling |
| Canada -> Asia | Soft | Stable |

Europe -> Asia

| | | |
|----------------|------|--------|
| Europe -> Asia | Soft | Stable |
|----------------|------|--------|

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TAIWAN

Taiwan



Air Freight

- Exports from Mainland China to Taiwan warehouses increased by 11% in the past year. This increase has led to a 29% increase in re-exports from Taiwan warehouses to Thailand. This trend has made Taiwan a transit hub for goods between China and Thailand.
- Beginning June 16, 2023, airlines have adjusted the fuel surcharge to TWD 36/kg for TC1 & 2 and TWD 13/kg for TC3.
- Based on the statistics released by Taiwan's air terminal, the air cargo tonnage in May has increased by 5.2% for air export and decreased by 4.8 % for air import vs the performance in April.

TAIWAN

Taiwan



Ocean Freight

- Taiwan export forecasts a negative growth in first half of 2023 according to the Directorate-General of Budget.
- Blank sailings have ended on both Transpacific and European trade lanes, and capacity has returned to normal. However, cargo volume remains low, and carriers are seeking to fill empty space on their vessels.
- The rate for Transpacific Eastbound (TP East Bound) trade decreased quickly after the implementation of the General Rate Increase (GRI) on June 1st, falling below the carrier's costs. This is expected to lead to another GRI announcement by a few carriers on July 1st. However, the actual cost will not be announced until the end of June, as there is not enough cargo to support the GRI. Rates to Europe also dropped.
- Whether the traditional peak shipping season will arrive as scheduled in Q3 remains to be seen. It depends on a number of factors, including the weakening impact of inflation in the US and Europe, improved market consumption, smooth destocking of goods, and the easing of geopolitical tensions.

CHINA MARKET SITUATION

EAST CHINA



Air Freight

- Cargo volume in East China remained flat in June, with no significant change from May.
- China Cargo Airline, Eva Air, and China Airlines will cancel their freighter frequency during the Dragon Boat Festival Holiday.
- As summer holidays approach in Europe and the United States, airlines begin their maintenance on their aircraft. This can lead to flight cancellations and reduced frequencies, as seen with China Eastern Airlines' U.S. and Asia-Pacific routes.
- The 6.18 discount season campaign drove up cargo volume for cross-border e-commerce, with rates increasing slightly for US and Europe trade lanes.

Ocean Freight

- The Shanghai export transport market is weak, resulting in falling rates for most lanes.
 - Transpacific trade** - The transportation demand is weak with dropping spot rates
 - European Trade** - The absence of blank sailings stabilized market demand for logistics and led to lower rates.
 - Intra Asia** - The market demand and rate is stable. However, the rate to Vietnam has dropped

CHINA MARKET SITUATION

NORTH CHINA



Air Freight

The frequency of flights to all routings is stable. However, the frequency of cargo flights to some routings has been reduced. The rates to North America, South America, Europe, and the Middle East are stable. However, the cargo volume is on a downward trend.

Tianjin:

- The current situation of the Tianjin shipping market is not optimistic, with the Tianjin Shipping Index decreasing by 0.13%
- International imports and exports have decreased by 28.5% compared to the same period in the previous year.

Ocean Freight

Southeast Asia & European trade lanes – the space and market rates are stable.

Transpacific Trade – Falling market rates.

India – Market rates to India are increasing due to booming export volumes and tight capacity.

SOUTH CHINA & HONG KONG

Air Freight

- The rates to U.S., Europe and Southeast Asia remain stable.
- MNG Airlines, a Turkish cargo airline headquartered in Istanbul, will begin operating a new route from Shenzhen to Tel Aviv, Israel, with six flights per week. The main source of goods on the route will be e-commerce goods.

Ocean Freight

South China:

The US and European trade lanes are currently experiencing weak markets, with available space and decreasing rates. There is no congestion at base ports, but empty containers have piled up in some ports.

Hong Kong:

Hong Kong is struggling to recover container volumes lost after three years of truck restrictions during the COVID-19 pandemic, which led carriers to shift cargo and services to southern Chinese ports, including Shenzhen.

In 2022, the number of truck and container movements in Hong Kong fell by more than half from 6 million TEUs to 2.5 million TEUs vs. 2020 and 2021 levels. However, monthly volumes have since rebounded, reaching about 62% of 2019 levels.



CHINA -EUROPE FREIGHT TRAIN OPERATES SMOOTHLY

China – Europe:

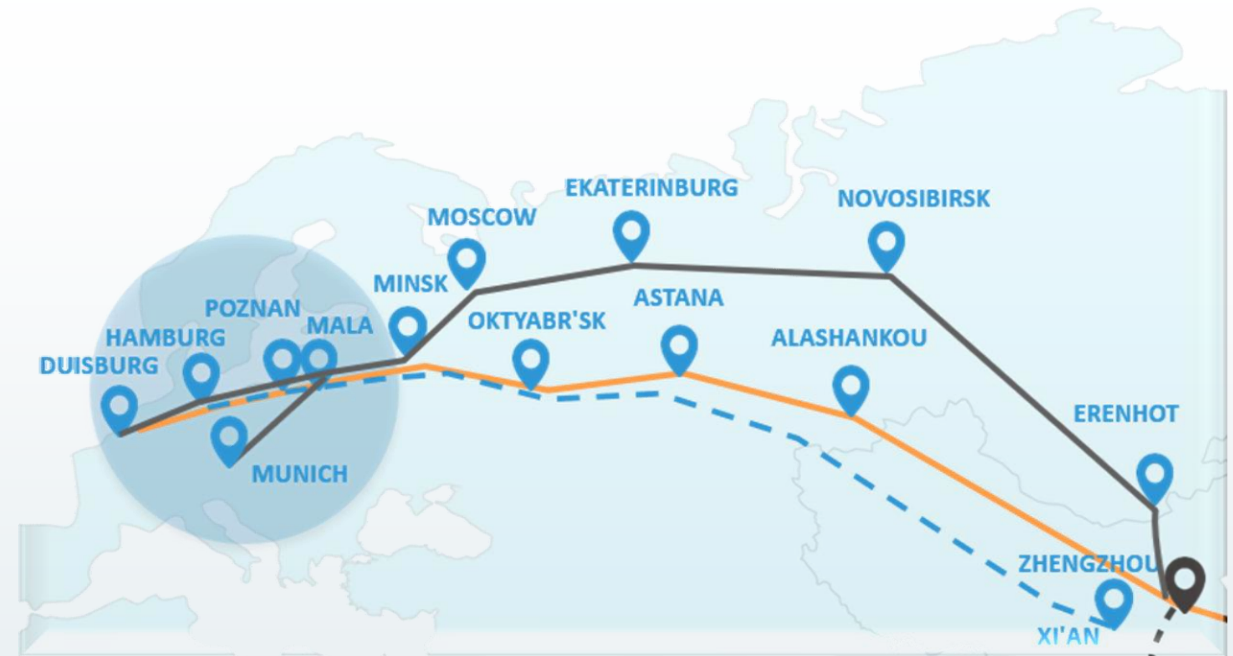
The Europe-bound freight train service has remained stable, with travel times from Chengdu and Yiwu to Malaszewicze, Poland taking about 13-14 days, and from Chengdu to Duisburg, Germany taking about 21 days. There is sufficient capacity at various platforms for trains departing from Europe, with stable supply and demand.

China – Russia

The frequency of trains departing to Russia remains high, with travel times from stations such as Changsha, Hefei, and Xi'an to Moscow taking about 17 to 24 days, and from Chongqing, Chengdu, and Zhengzhou to Minsk taking about 24-29 days. Overall, supply exceeds demand, and there is a relatively sufficient supply of capacity at major platforms.

China – Central Asia

The Central Asian freight route has gradually regained its vitality, with the volume of goods showing a slight upward trend.



SOUTH KOREA



Air Freight

The air export market in South Korea remained slow in June, with volumes similar to those of last month. This is due to the continued shortage of cargo demand and decreased flight supply in the country.

Korean-Japan: The air freight capacity is tight in June due to the surge in e-commerce shipments for the Qoo10 Days event.

Korea – US: The demand for spot cargo for e-cigarettes is increasing

Korea – Southeast Asia: The volume is increasing gradually .

- Airlines reduced the outbound fuel surcharge to IATA Traffic Conference (TC) areas by 21.3% for TC1 and TC2, and by 22.1% for TC3, effective June 16 at Incheon International Airport.
- Korean Air launched a new freighter service to Zhengzhou, China (twice a week on Thursdays and Saturdays) to meet the growing demand for e-commerce.

Ocean Freight

- The Transpacific Eastbound (TPEB) volume has decreased for the past 7 months, leading to a bearish freight outlook.

CROSS BORDER TRUCKING SITUATION: SOUTHEAST ASIA - CHINA

BORDER CONDITION NORMAL

Incoming Holidays for July

| Upcoming Holidays | | |
|-------------------|--------------------------------------|----------|
| JUL 7 | Georgetown World Heritage | Malaysia |
| JUL 19 | Awal Muhara Malaysia | Malaysia |
| JUL 28 | King Maha Vajiralongkorn 's Birthday | Thailand |

Recommendation

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 (1/2)



Thailand

| | |
|--------------|--|
| Air | 1 The rainy season in Thailand begins in June and end in October. 2 The end of the fruit season in June will gradually increase space availability for lanes to Asia destinations, such as China, South Korea, and Japan. Airlines are now open to negotiate the rates for big volumes. |
| Ocean | 1 Due to the increasing volume of exports to China, there is limited space available on several routings. 2 Transport service providers are encountering a container shortage problem. 3 With factors such as the increasing exports to China and the shortage of containers, the freight rates to certain routes are increasing. 4 There is difficulty booking space for South Asia destinations as some carriers are not accepting new bookings until mid June. |

Recommendation

|Air| Discuss with your freight forwarder on enhancement of packaging to prevent cargo damage during the rainy season. |Ocean| Booking reservation must be made 2-4 weeks in advance.

SOUTHEAST ASIA AND INDIA (2/2)



Vietnam

| | |
|---------------------|---|
| <p>Air</p> | <p> 1 South of Vietnam is currently experiencing rainy season 2 There is a limited airline space due to an increase in exports to China during the Vietnam fruit harvest season. 3 Some airlines have increased their flight capacity, resuming regular passenger flights to China (Wuhan/Changsha/Nanning) and intra-Asia. 4 The increase in both export volume and flight capacity has kept rates stable for shipments to China and Southeast Asia. However, rates to Europe and the United States have seen a slight decline.</p> |
| <p>Ocean</p> | <p> 1 SITC Vessels from Ho Chi Minh to Semarang (direct service) is expected to continue to skip port till the end of July.</p> |

Recommendation

|Ocean| Book COSCO as a back up transit service or book to Jakarta then arrange truck to Semarang.

Indonesia

| | |
|---------------------|---|
| <p>Air</p> | <p> 1 Most airlines are open to giving special ad hoc rates even for small shipments, with rates to Europe being lower than to Asia.</p> |
| <p>Ocean</p> | <p> 1 As shipping lines are aiming to fill their vessel capacity, they have decreased the rates for intra-Asia</p> |

Recommendation

|Air| Discuss with your freight forwarder how to leverage carriers' ad hoc rate offers for your shipments.

SOUTHEAST ASIA AND INDIA (2/2)



Malaysia

| | |
|--------------|---|
| Air | 1 Maskargo revised its Terminal and Security Screening Charge, effective July 1, 2023. |
| Ocean | 1 There are slight vessel delays at North Port of Port Klang for import and export. 2 Several carriers are still conducting blank sailings at least once a month to several destinations. 3 Space capacity to South Asia is getting tighter with rates increasing. |

Recommendation

|Ocean| Booking reservation must be made 2-4 weeks in advance.

India

| | |
|--------------|--|
| Ocean | 1 Cyclone Biparjoy made landfall in Gujarat, India on June 15, 2023. The cyclone caused significant damage to the APM Terminals Pipavav Port, which is one of the largest ports in India. As a result of the damage, operations at the port have been scaled back and a backlog of cargo has accumulated. |
|--------------|--|

Recommendation

|Ocean| Plan export shipments out of Nhava Sheva, which is also located on India’s West Coast. There may be a delay of 3-5 days.

AUKFTA TO FACILITATE TRADES FROM MAY 31, 2023

The Australia-UK Free Trade Agreement (AUKFTA), the first full trade deal since the UK left the EU, went into force May 31. The deal removes tariffs on 99% of Australia product exports to the UK. Australian importers will also benefit from duty-free rates on almost all goods.

Businesses in every industry in the UK will benefit from the AUKFTA, including:

| | |
|---------------------------------------|---|
| Infrastructure | Rail, road, and goods |
| Food and Drinks | Alcohol-related goods |
| Automobile | Premium cars from UK to AU |
| Manufacturing & Renewables | Removal of 5% tax for wind turbine blades and wind generators from UK to AU |

Australia is a big proponent of the UK joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which would provide British investors and exporters access to 11 countries (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam).



USA AIR AND OCEAN MARKET SITUATION

Air Freight:

Demand decreased by more than 10% compared to May, while capacity increased by 15%. Belly capacity continued to increase as more passenger flights were operated and there were no major backlogs.

Ocean Freight

The International Longshore and Warehouse Union (ILWU) and the Pacific Maritime Association (PMA) reached a tentative six-year contract on June 14, 2023, after the arrival of US Labor Secretary nominee Julie Su in San Francisco on June 12. The deal is subject to ratification by both parties.

According to the National Retail Federation (NRF), US container imports are expected to drop by more than 20% in the first half of 2023 vs. 2022.

Retailers are finding it harder to predict what consumers will buy. They are also being more cautious about ordering inventory for Labor day and Back to School sales, as they do not want to be stuck with excess stock if demand does not materialize. As a result, retailers are still destocking, and serious restocking is still over the horizon.

RATE & SPACE ARE STABLE | FSC IS FURTHER DECREASED



Toronto (YYZ):

AE

- Flights to smaller ports in China (Ningbo and Dalian) remain suspended.
- 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 & BSC.)
- Space & rates to Asia-Pac and Europe are normal.

New York (NYC):

AE

- Space is a bit tight to Europe but normal to Asia Pacific.
- The rate to Asia Pacific is normal.
- FSC decreases further:
China Airlines \$1.20 | Eva Air \$0.85 | Cathay Pacific \$0.7 | Air China \$0.79

AI

- JFK now allows only 24 hours of free time after cargo arrival, compared to 48 hours earlier this year.
- Avoid flights arriving in JFK on Fridays and Saturdays.
- Current truck fuel surcharge is at 35%–40%

NORTH AMERICA AIR GATEWAY SITUATION

RATE & SPACE ARE STABLE | FSC IS FURTHER DECREASED

San Francisco (SFO)

AE

- Most airlines are fully booked (KE|OZ|BR|JL|NH|UA) as it is the perishable goods season with high volumes this year to Asia (Taiwan, Korea, Japan & Southeast Asia)
- State of Washington cherry season just started and will continue through the end of July.
- Some capacity will be shifted to SFO

Recommendation:

Advanced booking is required for any large shipments between June – July as space is very limited.

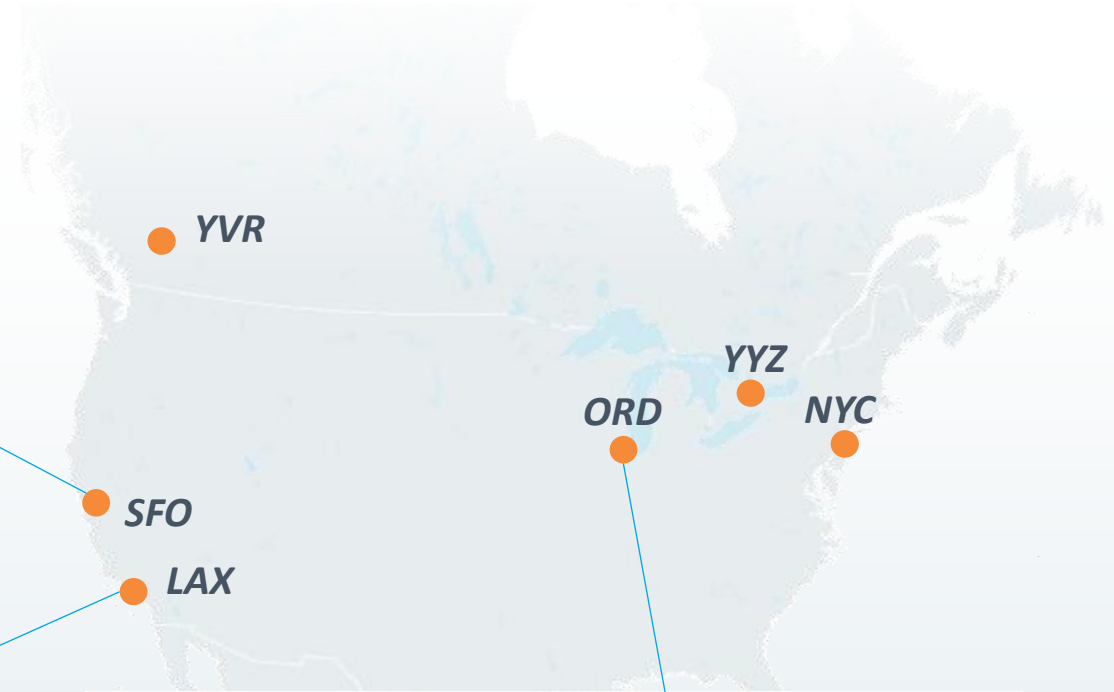
Los Angeles (LAX)

AE

- Rates to Asia and Europe are stable.
- California Cherry season has ended – expect more space availability starting June

AI

- The average breakdown time is 12 hours with spots offered aggressively



Chicago (ORD):

- Capacity to Asia Pacific and EUR are open and stable.
- Rates are normal and negotiable | Carriers are offering promo/spot rates | Rates to PVG are very competitive.
- Trucking rates and capacity are stable and overall LTL & FTL rates are lowered.

SPORADIC DELAY ENDS AS ILWU AND PMA REACH TENTATIVE AGREEMENT

Oakland | Seattle | Tacoma | Port of Prince Rupert:

No major port congestion but delays on port to rail transit.

Los Angeles/Long Beach

OE

- FCL rates remain the same with various co-loaders promoting several negotiable LCL promotions.
- Feeder vessel space from transshipment ports in Asia are still tight, especially to Southeast Asia.

OI

- Some terminals are experiencing mild congestion due to the backlogs from the beginning of the month caused by slow operations at the terminal.

Dallas

OE

- Capacity is expected to get tight due to vessel cancellations.

OI

- Capacity has increased due to the slow market
- Railroad congestion in Santa Teresa, El Paso, and Dallas has worsened due to a severe shortage of equipment and workers.
- There is a risk of significant delays with no ability to recover the containers



SPORADIC DELAY ENDS AS ILWU AND PMA REACH TENTATIVE AGREEMENT



New York, New Jersey & Norfolk :

- Port congestion at New York is getting better due to the current slow market. GCT & NYCT applies to toll free surcharge.
- 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, LFD remains the same at 4 free days after discharge.
- IT transit time is faster for inland rail shipments.
- The fuel/trucking rate is between 35%-45%

Chicago

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

Jacksonville

ONE Stork set a record for the largest vessel to call Jacksonville Port with 14,000 TEUs with THE Alliance. They have upsized several vessels in order to replace smaller ones.

WHAT TO WATCH

Phase 1 of Port of Savannah's 10-year upgrade plan to be completed in July.

Phase 1 of Port of Savannah's 10-year upgrade plan is on track to be completed in July 2023. The first phase of the project, which includes the realignment of Berth 1 and the construction of a new container yard, will allow the port to handle seven vessels at a time, including the largest ships now in operation and carrying more than 16,000 TEUs.

The construction project on Berth 1 created additional port congestion last year. However, port officials expect numbers to be up in 2024, mainly due to Hyundai's \$5.5 billion EV plant being built nearby and announcements of their suppliers coming to the area as well. The first trial EV may be ready for the test market by the end of this year.

Panama Canal Drought: Water Levels Reach Historic Lows

The Panama Canal Authority (ACP) projects that the water level in the canal will reach 78.2 feet by July 31. This would break the previous record low of 78.5 feet set in May 2016 and fall well below the five-year average of 84.9 feet for the month of July. This could lead to additional measures taken by carriers, such as cargo weight control and rerouting of vessels -- which may lead to increased costs.

West Coast Ports Brace for Potential Strike as ILWU Canada Votes

The International Longshore and Warehouse Union (ILWU) Canada has voted to strike if negotiations with employers do not go well. If a strike does occur, it must be preceded by a 72-hour notice "cooling off period", as mandated by the Canadian government's Federal Mediation and Conciliation Services (FMCS).

Clark International Airport (CRK) as a hub for international cargo - Philippines

Transportation Secretary Jaime Bautista has urged the development of Clark International Airport (CRK) into a next-generation international cargo hub supported by aviation-related activities. The goal is to attract aviation-related businesses such as MRO (maintenance, repair, and overhaul), fixed-based operations, and cargo warehouses to set up at CRK, making it an ideal location for efficient movement.

Philippines Implements RCEP Tariffs beginning June 2, 2023

The Regional Comprehensive Economic Partnership (RCEP) agreement, which was ratified by the Philippine Senate on February 15, 2023, came into force on June 2, 2023. The agreement is expected to boost trade and investment between the Philippines and its 15 RCEP partners, and to create a more conducive environment for economic growth.



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