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◀ LOGISTICS MARKET REPORT ▶

Global Market



OCEAN FREIGHT



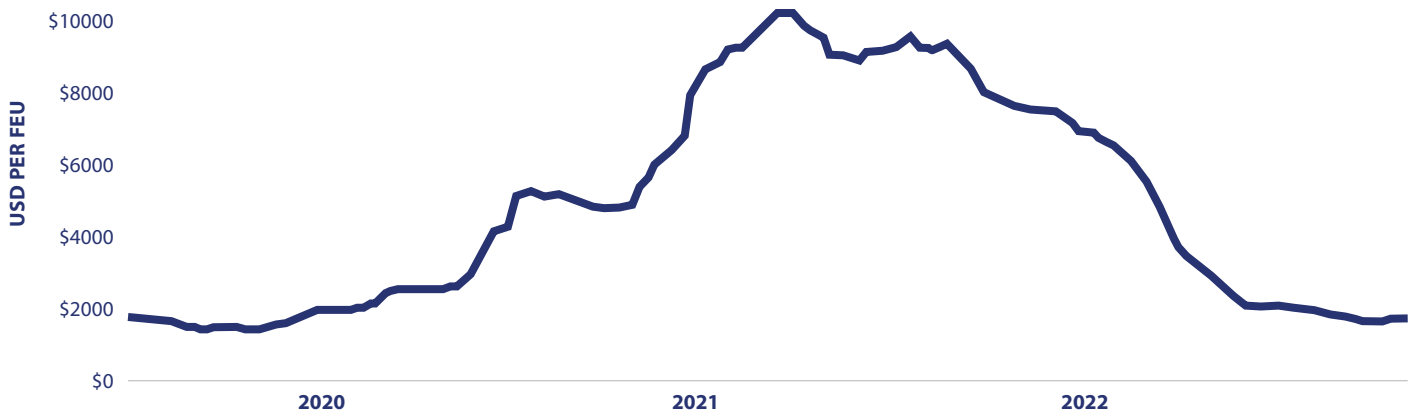
Data Shows Container Shipping Market Could Be at its Bottom: Analyst

“Looking at freight rate developments over the past couple of months, the data supports that we might have reached the bottom of the market.

Of course, there are no guarantees that carriers will not suddenly lapse into a more destructive price war, but the present data does not support that this is currently happening.”

WORLD CONTAINER SHIPPING INDEX SHOWING SIGNS OF MARKET BOTTOM

WORLD CONTAINER INDEX ASSESSED BY DREWRY RATE PER FEU



Composite

Source:

World container Index assessed by Drewry

Source:

Jensen, L. (2023, May 1). Data shows container shipping market could be at its bottom: Analyst. Journal of Commerce.

https://www.joc.com/article/data-shows-container-shipping-market-could-be-its-bottom-analyst_20230501.html

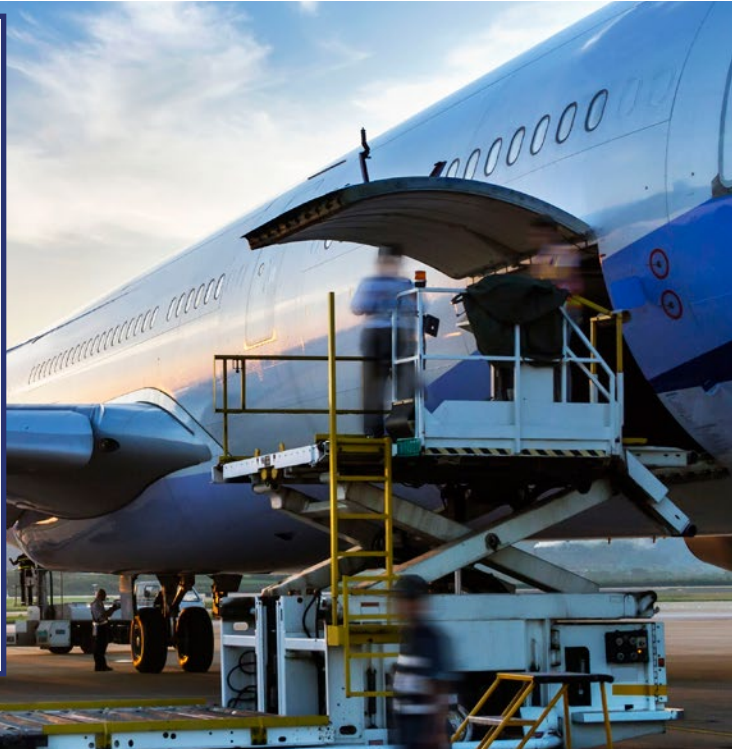
AIR FREIGHT

Air Cargo Market Yield Versus Weight Tracker

The Champ Market Analytics Air Cargo Market Tracker is a useful tool that provides insight into the monthly trends in demand and yields in the air freight industry. You can access the chart using the link below.

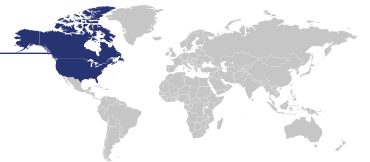


Access Chart Here:
<https://www.aircargonews.net/data-hub/champ-cargo-systems-air-cargo-market-tracker/>



North American Market

OCEAN FREIGHT



USA

Top U.S. Shippers: Continued Poor Service Threatens Budding AG Export Recovery

“U S agriculture exports rebounded in the second half of last year as port and inland congestion eased and vessel reliability improved, but exporters say lingering service issues continue to hamper overseas sales in early 2023, while tensions with China threaten to derail growth in shipments to the largest importer of US foodstuffs.

Shippers are confident agriculture export volumes will be healthier in 2023 as growing demand, specifically in East Asia,

allows for expansion in both existing and newer markets, but they warn that a continued lack of vessel schedule reliability — as well as a stronger U.S. dollar that’s making U.S. exports more expensive abroad — could jeopardize those gains.”

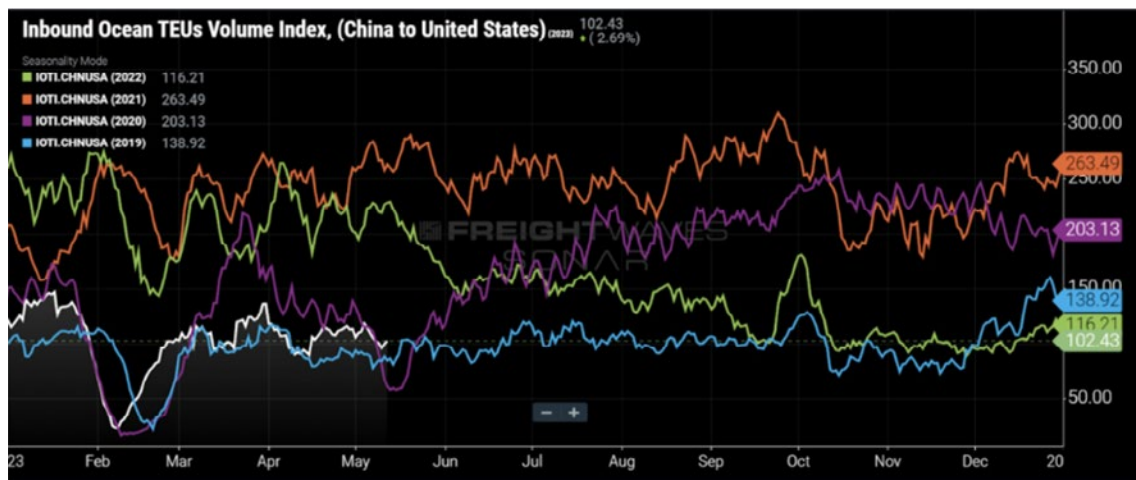
Source:
Griffis, T. E. (2023, May 8). *Top us shippers: Continued poor service threatens Budding AG export recovery.* Journal of Commerce. https://www.joc.com/article/top-us-shippers-continued-poor-service-threatens-budding-ag-export-recovery_20230508.html

Reality of Ocean Container Volume Far Cry from China Reopening Hype

SONAR bookings data shows expectations for container surge were overblown

“As the global trade recession began to materialize in 2022, there was a great deal of hype over the potential boost to ocean container demand once the Chinese government ended its COVID restrictions and

lockdown measures. But now that hype has faded and what was once hoped to be a great reopening and much-needed boost to volumes is looking more and more like a great flop.”



“In the chart above, the Inbound Ocean TEU Volume Index from China to the U.S. provides a seasonality view that compares 2023 volumes thus far (white line) with volumes over the past four years. It was late March/early April of 2022 (green line) when the Chinese government announced another round of COVID restrictions and lockdowns.

As the year progressed into the second half, global container volumes began plummeting, and there were still no signs of a surge in volumes coming out of China. As the hopes

of a potential freight wave eventually began to fade, it was still widely believed that China’s reopening would (at least) be a major factor in helping boost volumes and possibly create a “soft landing” for the global ocean container market. Unfortunately, that boost in volumes never appeared. Instead, volumes continued to soften out of China during a largely nonexistent peak season. The weakening volumes were then met by emerging headwinds such as the inventory glut, weakening consumer demand and increasingly negative economic landscape.”



Source:
Byers, H. (2023, May 14). Reality of Ocean Container Volume Far Cry from China reopening hype. FreightWaves. <https://www.freightwaves.com/news/reality-of-ocean-container-volume-far-cry-from-china-reopening-hype>

MEXICO

Mexican Government Expropriated Three Railroad Stretches from Ferrosur Takes control for enhanced logistics efficiency and national security

“On May 19th, 2023, in the Official Gazette of the Federation, Mexican government announced the occupation in favor of the state-owned company Ferrocarril del Istmo de Tehuantepec is in its capacity as a member of the multimodal logistics platform in charge of the Interoceanic Corridor of the Isthmus of Tehuantepec.

The decree - signed by President López Obrador - justifies the measure for reasons of “national security” and states that “for the efficient operation of the logistics platform, it is imperative to have control and administration of all the railway lines that comprise the Interoceanic Corridor of the Isthmus

of Tehuantepec, among which are the sections currently concessioned to Ferrosur”.

These railroads concessioned in favor of Ferrosur interconnect the port of Coatzacoalcos, and “are of vital importance for the port connection with those of Salina Cruz and Dos Bocas to develop with autonomy, efficiency, safety and optimization of its operating costs”.

Source:

T21, R. (n.d.). *Gobierno Federal Expropia Tramo ferroviario de grupo méxico transportes*. Inicio. <https://t21.com.mx/ferroviario/2023/05/19/gobierno-federal-expropia-tramo-ferroviario-grupo-mexico-transportes>



CANADA

Air Canada Cargo Begins Costa Rica Freighter Service

Air Canada expands freighter network

“Air Canada Cargo has started freighter flights into San José, Costa Rica using a Boeing 767-300 converted freighter. The flights to Juan Santamaría International Airport will operate twice per week, said the cargo carrier.

“The start of our freighter operations into Costa Rica builds upon Air Canada’s passenger service to the country and bolsters the cargo presence to offer consistent year-round capacity for our key customers in the region,” said Jon Turner, vice president, cargo at Air Canada.

“We are pleased to be able to continue expanding our freighter network as more Boeing 767s come online for us.”

Source:

Jeffrey, R. (2023, May 19). *Air Canada Cargo Begins costa rica freighter service*. Air Cargo News. <https://www.aircargonews.net/airlines/freighter-operator/air-canada-cargo-begins-costa-rica-freighter-service/>





Latin American Market



OCEAN FREIGHT

Overview of The Trade Lanes to LATAM

Capacity, spot rates, and congestion

FROM NORTH AMERICA TO LATAM:

Capacity is trending up month over month, spot rates are flat month over month, new services from East and Gulf Coasts to WCSA boost capacity, and space to ECSA is stable. Carriers have added capacity and services out of the U.S. West and Gulf Coasts, improving space options and availability.

FROM ASIA TO LATAM:

Spot rates are trending up, and capacity is flat. Ships are overbooked to the point where some cargo gets rolled over to the next sailing.

FROM EUROPE TO LATAM:

Rates are decreasing as steamship lines try to attract volumes; space is above the demand.

Port congestions in main Latam countries

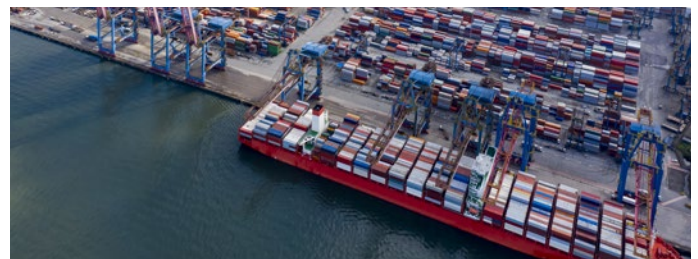
PORT	DWELL TIME (DAYS)
BRAZIL	
RIO DE JANEIRO	11
NAVEGANTES	3
CHILE	
ANGAMOS	16
IQUIQUE	4
SAN ANTONIO	2
COSTA RICA	
PUERTO LIMON	8
MOIN	8
ARGENTINA	
BUENOS AIRES	4

Brazil Leads Grain Exports During the First 4 Months of 2023

The United States and Argentina experience a drop in exported volumes

“R egarding cereal shipments by sea in the 4M-2023 period, Brazil has taken the top spot with a year-on-year increase of 16.8% in exported volumes, surpassing even the United States, which experienced a drastic decline of -22% compared to the January-April 2022 period. The same situation occurred with Argentina, whose soybean and corn cereal exports contracted by -54.5% due to adverse weather conditions resulting from droughts caused by the La Niña phenomenon.

While Argentina and the United States struggle with adverse weather and trade-political conditions, Canada, Russia, and Australia, like Brazil, enjoy substantial increases in their exports compared to the same period in 2022.”



Source:

Maritimo, M. (2023, May 15). *Brasil Lidera Exportaciones de Granos Durante Primeros 4 Meses de 2023*. MundoMaritimo. <https://www.mundomaritimo.cl/noticias/brasil-lidera-exportaciones-de-granos-durante-primeros-4-meses-de-2023>

DP World and CMA CGM Have Created a New Company, Chile Inland Services (CIS)

Container depot and bonded storage facility 10 km from the Port of San Antonio

“ In April, CIS began its first phase of operations, consisting of a five-hectare facility providing maintenance, repair, and specialized refrigeration services for maritime containers. By the end of 2023, CIS services will expand to 11 hectares and will include additional container storage space, a secure customs area for full container storage and a bonded warehouse for cargo consolidation and deconsolidation.

This investment represents an important milestone for us as we continue to develop smart logistics solutions for our customers. Our goal is to develop integrated logistics services in key locations, making it easier for Chilean companies to move their goods through the Port of San Antonio.”

Source:

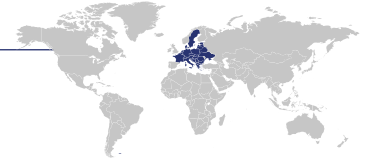
Labrut , M. (2023, May 8). DP World and CMA CGM form Chile Container Depot JV. Seatrade Maritime. <https://www.seatrade-maritime.com/ports/dp-world-and-cma-cgm-form-chile-container-depot-jv>



European Market



OCEAN FREIGHT



Trans-Atlantic Spot Rates Tumble on Supply-Demand Imbalance

Navigating rate corrections

“**T**rans-Atlantic spot rates are experiencing a significant decline due to a combination of weak U.S. import demand and surplus capacity. This downward trend in prices on Europe to North America routes indicates that head haul trans-Atlantic rates have yet to reach pre-pandemic levels, although the gap is gradually narrowing. Market speculation suggests that rates on the trans-Pacific and Asia-Europe trades may have already reached their lowest point.

According to industry experts, the trans-Atlantic trade held up relatively well compared to other routes, but it is now undergoing a similar correction. Platts data reveals that rates have dropped to their lowest level since February 2021, with North Europe to U.S. East Coast rates falling by 19% in the past week alone. In early January, rates were over \$6,000 per FEU, whereas they currently stand at \$2,100 per FEU.

Despite the abundance of available vessel space and the decline in rates, carriers have shown restraint in implementing blank sailings programs. In April, only 3.1% of capacity was withdrawn,

and for May, an additional 2% of capacity is expected to be removed from service. The demand for alcohol remains strong globally, leading to sufficient vessel space availability. However, if vessel usage continues to decrease, there may be an increase in blank sailings in the future.

It is important to note the ongoing decrease in trans-Atlantic spot rates caused by weak U.S. import demand and surplus capacity. While other trade routes may have already reached their lowest point, trans-Atlantic rates are still in the process of aligning with pre-pandemic levels. The current rates are the lowest recorded since February 2021. Carriers have exercised caution in implementing blank sailings programs, with only a small percentage of capacity being withdrawn in recent months. Demand for alcohol remains robust, ensuring sufficient vessel space availability. However, if vessel usage continues to decline, it is expected that more blank sailings may be implemented.”

Source:

Knowler, G. (2023, May 9). *Trans-Atlantic spot rates tumble on supply-demand imbalance*. Journal of Commerce. https://www.joc.com/article/trans-atlantic-spot-rates-tumble-supply-demand-imbalance_20230509.html

Economic Outlook on Europe

Shifting demand and potential risks

“**C**hanging consumer behavior continues to exert pressure on demand, impacting various industries that anticipate a potential increase in production. However, the expected volumes have not materialized thus far. While there have been protests in France, the overall flow of ports in Europe remains smooth. There are ongoing labor actions in Norway and occasional warning strikes in Germany, but as of mid-April, no major disruptions are anticipated. The coasts are unaffected, and there is an improvement in adhering to schedules.

However, several risks persist that could potentially push European economies into a recession. These risks include the escalation of banking stresses, persistent core inflation, an increase in the conflict in Ukraine, and more severe and widespread downturns in the housing market. It is important to closely monitor these factors as they pose significant threats to the stability of the European economies.”

Source:

Ocean Freight Market Update - DHL. Ocean Freight Market Update. (2023, May 3). <https://www.dhl.com/content/dam/dhl/global/dhl-global-forwarding/documents/pdf/glo-dgf-ocean-market-update.pdf>



AIR FREIGHT

UK Cargo Carrier One Air Targets U.S. Flights and 777 Freighter

New UK Cargo Airline sets out long term strategies

“Recently launched UK freighter operator One Air has filed an application to add flights to the U.S. and also revealed hopes to one day operate a Boeing 777 freighter. In a filing with the U.S. Department of Transportation, the freighter operator requested permission to operate cargo charter flights between the U.S. and UK.

The charter carrier, which received its UK AOC in April and has a single 747-400F, added that it planned to also operate flights to the Middle East and China. It has also expressed plans to offer flights to Europe and Asia.

Looking ahead, the carrier said that it hoped to further capacity in the future, potentially a 777 freighter. “We will grow our operation by adding capacity – but only when it is fiscally prudent so to do,” the company said in the filing. “We intend to add aircraft from elsewhere in the family of companies of which we are part, but will move to acquire more modern aircraft (potentially the Boeing 777F) when this is sensible for the business.”

Source:

Brainstormoff. (2023, April 18). *New collapsible ulds for Air and Ocean Freight Get Easa approval*. The Loadstar. <https://theloadstar.com/new-collapsible-uids-for-air-and-ocean-freight-get-easa-approval/>

Oceania Market



OCEAN FREIGHT



Australia-UK Free Trade Agreement Effective from May 31st

“The agreement will lift tariffs on more than 99% of Australian goods exports to the UK. These goods include Australian exports of wine, short and medium-grain rice, honey, nuts, and manufactured products such as auto parts, electrical equipment, and cosmetic products.

For some agricultural products like beef, sheep meat, dairy and sugar, Australia will have access to expanding tariff quota volumes – within 10 years these tariff quotas will be eliminated completely.

Mr. Albanese said the agreement would deliver significant benefits to Australian exporters, consumers, workers, and our economy more broadly. “The Australia-UK FTA represents one of the most comprehensive, innovative and ambitious free trade agreements concluded by Australia to date and strengthens an already close relationship between Australia and the UK,” he said.

Minister for Trade and Tourism Don Farrell said the agreement would reduce costs for exporters and assist Australian businesses seeking to diversify trade to a wider range of overseas markets. “This agreement will underpin and deepen the already strong bilateral investment relationship with our second-largest source of foreign direct investment in Australia,” he said. “This deal establishes procedures for artists, including First Nations peoples, to receive royalties when their artworks are resold in the UK.” Under the deal, after five years, all UK imports will enter Australia duty free.”

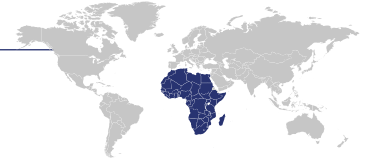
Source:

Ian Ackerman (5th May 2023). *A-UKFTA to enter into force on 31 May*. TheDCN.com.au. https://www.thedcn.com.au/news/law-regulation-trade/a-ukfta-to-enter-into-force-on-31-may/?utm_source=DCN+Daily+Newswire&utm_campaign=182%E2%80%A6

African & Middle Eastern Market



AIR FREIGHT



Emirates Skycargo Reports Heightened Demand for Long-Term Deals

Forwarders are planning ahead to avoid market capacity fluctuations

“Emirates SkyCargo has reported high demand for long-term contracts despite the current market uncertainties. Speaking to Air Cargo News during Air Cargo Europe, Nabil Sultan, divisional senior vice president at Emirates SkyCargo, said that companies were looking to secure long-term capacity in order to avoid capacity shortages experienced over the last couple of years. “It’s a case of once bitten, twice shy,” Sultan said, explaining that the carrier was booking a lot of long-term contracts for the coming six to eight months.

Vice president Europe and global sales Jeffrey Van Haefen added: “We have never seen such a number of requests for long-term capacity, long-term agreements, than we have seen in the last few months.” Van Haefen said that this was an indication that the market would rebound in the second half of the year after lower demand in the first four months.”

Source: Brett, D. (2023, May 15). *Emirates SkyCargo reports heightened demand for long-term deals*. Air Cargo News. <https://www.aircargonews.net/airlines/freighter-operator/emirates-skycargo-reports-heightened-demand-for-long-term-deals/>



ESG MARKET UPDATES



EU Parliament Backs New Rules for Sustainable, Durable Products, and No Greenwashing

Stringent rules for sustainable products and clear labelling

“MEPs have supported a draft legislation aimed at enhancing product labelling and durability while preventing misleading claims. The proposal for a new directive on empowering consumers for the green transition received overwhelming approval, with 544 votes in favor, 18 against, and 17 abstentions. The directive primarily aims to assist consumers in making environmentally friendly choices and encourage companies to provide more sustainable and durable products.

The approved negotiating mandate includes a provision to ban the use of vague environmental claims such as “environmentally friendly,” “natural,” “biodegradable,” “climate neutral,” or “eco” without substantial evidence. It also seeks to prohibit environmental claims solely based on carbon

offsetting schemes. Additionally, misleading practices such as making claims about an entire product when they only apply to a specific part or falsely stating the durability or intensity of a product will be forbidden.

In an effort to simplify product information, MEPs propose allowing sustainability labels that are backed by official certification schemes or established by public authorities.”

Source:

Parliament backs new rules for sustainable, durable products and no greenwashing: News: European parliament. *Parliament backs new rules for sustainable, durable products and no greenwashing* | News | European Parliament. (2023, May 11). <https://www.europarl.europa.eu/news/en/press-room/20230505IPR85011/parliament-backs-new-rules-for-sustainable-durable-products-and-no-greenwashing>





Sustainability Goals, Initiatives and Achievements

Major funding and collaborations drive green initiatives and milestones

“Funding for US-UAE climate project grows to \$13 billion, Australia to invest \$1.4 billion for renewable hydrogen, Tesla breaks ground on Texas lithium refinery, Verizon issues \$1 billion green bond, Wind power becomes UK’s largest source of electricity, CAI and Digital Bridge announce \$300 million decarbonization partnership, Codelco and BHP sign agreement for development of sustainable mining.”

Source:
ESG News. (2023, May 13). *Week in Review*. ESG News. <https://esgnews.com/esg-news-week-in-review/>



Climate Fund Managers Announces \$1.6 Billion Debt-For-Climate Conversion to Protect the Galapagos Islands

Historic debt-for-climate conversion

“Climate Fund Managers (CFM), the leading climate-centric investment firm, announced the financial close of a new debt-for-climate conversion via its marine ecosystem venture, Oceans Finance Company (OFC), that will protect one of the planet’s most important ecosystems: the Galapagos Islands.

The Galapagos conversion, which is the largest in history, exchanged \$1.628 billion in Ecuadorian government bonds for a \$656 million impact loan. The transaction will generate savings to the Ecuadorian fiscus of \$1.126 billion through 2041. In return, Ecuador will direct savings of \$323 million by 2041 to the conservation of the Galapagos and establish a new endowment fund maturing to \$227 million to finance their preservation thereafter.”

Source:
ESG News. (2023b, May 10). *Climate fund managers announce \$1.6 billion debt-for-climate conversion to protect the Galapagos Islands*. ESG News. <https://esgnews.com/climate-fund-managers-announces-1-6-billion-debt-for-climate-conversion-to-protect-the-galapagos-islands/>

General Fracht News Sources:

JOC.COM
FREIGHTWAVES.COM
XENETA.COM
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AIRCARGONEWS.NET
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