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LOGISTICS MARKET REPORT

Global Market



OCEAN FREIGHT



Blanked Sailings Now 'Part of Normal Shipping Business Life'

Navigating fluctuating shipping trends

“Limiting capacity should remove some pressure on spot freight rates,” Alphaliner argued while experts at online box platform Freightos stated: “Peak season volumes have increased moderately alongside increases in blanked sailings.” Splash has been reporting on the changed spot fortunes for carriers in recent weeks, ending more than a year of declining rates. “Considering the recent rise in rates, we can expect that strict capacity management will continue, meaning blanked sailings are probably here until demand returns. There are already suggestions that another general rate increase may be incoming in the next month,” stated an update yesterday from Atlantic Pacific Global Logistics.

“Proforma capacity (if announced services run as planned, with weekly calls) never equals actual deployed capacity. You have delays, blank sailings, omissions and just general vessel deployment changes, which means that in normal years some 10-15% of proforma capacity ‘falls through the cracks’. Some of this lost capacity is indeed announced as blanks by the carriers – but far from all of it is,” eeSea explained.”



Source:

Chambers, S. (2023, August 16). *Blanked sailings now “part of Normal Shipping Business Life.”* Splash247. <https://splash247.com/blanked-sailings-now-part-of-normal-shipping-business-life/>



IATA Reports Improving Air Cargo Market in June

Market looking for small signs of stabilization

“Air cargo volume declines narrowed to their lowest level of the year in June with hopes that lower levels of inflation could aid economic recovery. The latest figures from IATA show that in June air cargo demand decreased by 3.4% year on year, while capacity was up 9.7% and the average load factor was down 5.8 percentage points at 43.2%.”

Source:
Brett, D. (2023, August 7). *IATA reports improving air cargo market in June*. Air Cargo News. <https://www.aircargonews.net/airlines/iata-reports-improving-air-cargo-market-in-june/>

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 yield 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/>





Wait for Airfreight Recovery Could Extend Deep Into 2024

Prospects fade for busy shipping season with demand yet to hit bottom

Air logistics companies are grudgingly writing off the traditional peak season as weak macroeconomic conditions drag out the freight downturn longer than expected. Low rates will carry over into next year, even if demand eventually picks up, because many businesses are negotiating contracts to lock in low prices instead of shopping for one-time quotes when ready to ship, analysts say.

Airfreight remains mired at the bottom of a 16-month downturn and, by some measures, is worsening on the cusp of the busy season when retailers rush in orders for big shopping events and the holidays.

The soft Chinese economy, slower industrial production, a persistent inventory overhang and other factors are suppressing orders and the need for freight transportation. Air shipping demand dipped 2% in July year over year, one point more than in each of the preceding two months, according to freight intelligence provider Xeneta. During the first half, airfreight volumes fell 8.1% from the same period in 2022, the International Air Transport Association reported. The slowdown in volumes easing since early this year."

Source:
Kulisch, E. (2023, August 21). *Wait for airfreight recovery could extend deep into 2024*. FreightWaves. <https://www.freightwaves.com/news/wait-for-airfreight-recovery-could-extend-deep-into-2024>



North American Market



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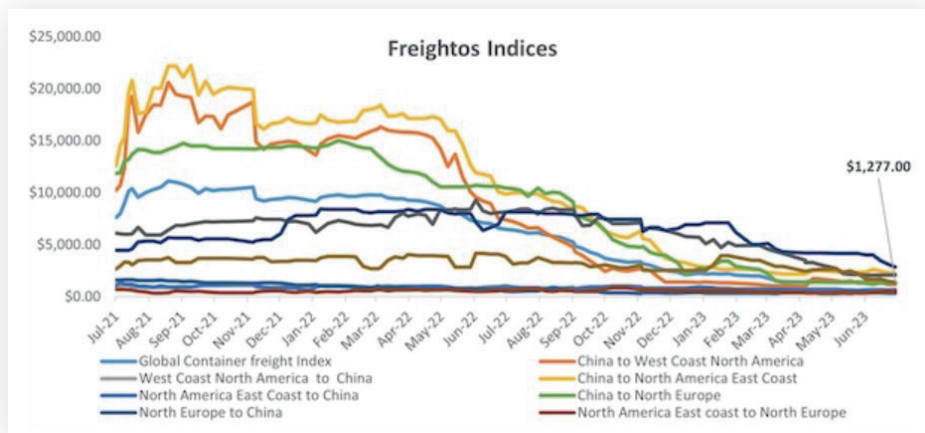
Ocean Freight Rates for Q2, 2023 End on a Multi-Year Low

Industry Challenges



“The transatlantic rates from Europe- USA which had outperformed its peers in 2022, recorded one of the highest weekly dips of 17% this week as reported by Drewry. The rates which are currently at USD 2,670 have erased about two-thirds of its value from New year 2023. As for the China-Europe and the China- Mediterranean rates, they have already breached the pre-pandemic levels on the downside.

The industry is now at a double whammy- no demand pick-up seen across geographies and the high supply of new fleet hitting the water. Service cancellations are at an all-time low in the post-pandemic period, while service reliability is indicating a score of 66.7% which indicates normalcy. With the peak season off, and the holiday seasons further away by three months, Q3 2023 remains a suspense in terms of where the rates would be headed.”



Source:
 Ocean freight rates for Q2, 2023 end on a multi-year low. Hellenic Shipping News Worldwide. (2023, July 17). <https://www.hellenicshippingnews.com/ocean-freight-rates-for-q2-2023-end-on-a-multi-year-low/>

US Maritime Administration Designates Two New Marine Highway Routes

“The United States Department of Transportation’s Maritime Administration (MARAD) has announced the designation of two new marine highway routes, M-11 in Alaska and M-79 in Pennsylvania and West Virginia. The newly designated routes are part of the US Marine Highway Program (MHP) and are expected to help speed up the movement of goods, strengthen supply chains, and support local economies in the aforementioned regions.”

Source:
Karamalegkos, A. (2023, August 17). *US Maritime Administration designates two new Marine Highway routes.* Container News. <https://container-news.com/us-maritime-administration-designates-two-new-marine-highway-routes/>



MEXICO

CMA CGM Will Apply Surcharges for Blockade-Strike at Ferrovalle Terminal

“The French shipping company CMA CGM informed its clients in Mexico that it will apply a contingent and emergent surcharge for services related to the Ferrovalle-Pantaco terminal, due to the blockade-strike of local service carriers that was established earlier this week and that it has set off the alarms for a possible operational collapse of the terminal.”

Source:
Duarte, E. (2023, August 11). *CMA CGM Aplicará Recargos Por Bloqueo-Huelga en terminal de Ferrovalle.* Inicio. <https://t21.com.mx/2023/08/11/cma-cgm-aplicara-recargos-bloqueo-huelga-terminal-ferrovalle>





Why Cargo-Focused Airports in the U.S. Outperform Passenger Gateways

New study compares 18 month performance of passenger and cargo airports

"The slump of the past 18 months has sent cargo throughput at most airports down, but those with a strong focus on cargo have fared better, a new study shows.

Cargo airports were soaring during the pandemic and subsequent supply chain disruption, but the drop in demand, coupled and rising bellyhold capacity was supposed to tilt the balance back to passenger gateways.

But this has not happened, at least in US domestic airfreight,

according to a study by the Chaddick Institute of DePaul University.

Using data from the US Bureau of Transportation Statistics, the researchers looked at traffic development at the 16 largest US airports that are cargo-focused (defined as handling over 10,000 tons of domestic freight and fewer than 300,000 passengers a year) and compared the data with the statistics of large, mixed-purpose airports (handling over 10,000 tons of cargo but more than 300,000 passengers)."



Source:

Whiteman, A. (2023, August 23). *Why cargo-focused airports in the US outperform passenger gateways.* The Loadstar. <https://theloadstar.com/why-cargo-focused-airports-in-the-us-outperform-passenger-gateways/>

CANADA

Canadian Airports Receive \$77M for Cargo Projects

Government shares cost to improve supply chain efficiency in Toronto and Canadian North airline

"Transport Canada is funding \$77 million worth of new cargo infrastructure at airports in Toronto and Ottawa. The money comes from the National Trade Corridors Fund, a competitive, merit-based program designed to develop transportation infrastructure that supports domestic and international trade. The agency in July announced it will provide \$69 million to Toronto Pearson

International Airport to build a cargo terminal on the south side and a parking apron for freighters on the northern end."

Source:

Kulich, E. (2023b, August 25). *Canadian airports receive \$77M for cargo projects.* FreightWaves. <https://www.freightwaves.com/news/canadian-airports-receive-77m-for-cargo-projects>

Latin American Market



OCEAN FREIGHT



Overview of the Trade Lanes to LATAM



FROM NORTH AMERICA TO LATAM:

We are seeing vessels being full for USA exports, but still some availability from USEC to SAEC. Reason why short-term pricing remains a key product in the market and rates have increased in this trade.

FROM EUROPE TO LATAM:

Space is stable, with a moderate increase in the rates.

LATAM EXPORTS:

Space available is tight in Chile, Colombia, and Brazil during August and the beginning of September. GRI's continue to be released in the market by all carriers on a monthly basis, and FAK free time reductions for Q3 are being implemented.

Port congestions in main LATAM countries

PORT	DWELL TIMES
BRAZIL	
RIO GRANDE	9 DAYS
SUAPE	6 DAYS
NAVEGANTES NAVEGANTES	4 DAYS
SANTOS	2 DAYS
PANAMA	
COLON	5 days
COLOMBIA	
CARTAGENA	2 days
COSTA RICA	
MOIN	11 days

Panama Canal Issues Hit Harder in 2024 Shippers Warned

Low water issues causing Panama Canal traffic to worsen

"The drought challenges facing the canal will deepen as the El Nino effect in the first six months of next year lowers the water levels and extends waiting times driving up costs.

Extended queues of ships at either end of the Panama Canal have been caused this year by the reduction in water levels, with the older locks particularly badly hit, causing the Panama Canal Authority to restrict the number of booked transits to 32 vessels per day and 10 neo-panamax.

The drought challenges facing the canal will deepen as the El Nino effect in the first six months of next year lowers the water levels and extends waiting times driving up costs, the market analyst said.

Restrictions on ships have seen an increase in the waiting times for large containerships, "rising sharply to 16-17 days.

Demand for capacity is starting to increase with the consequence that longer waiting times are already being experienced, that will lead to increased rates and carrier surcharges with shippers looking for alternative routes, via the Suez Canal.

Some companies are already seeing opportunities to reroute cargo overland to US East Coast destinations."

Source:

Savvides, N. (2023, August 24). *Panama Canal issues will hit harder in 2024 shippers warned*. Seatrade Maritime. <https://www.seatrade-maritime.com/panama/panama-canal-issues-will-hit-harder-2024-shippers-warned>



Avianca Cargo Expands With New Brazil Flight

Campinas and Vitoria added to network

"Avianca Cargo has added a new freighter service between the US and Brazil as it looks to cater to demand for high-tech and valuable goods. The new weekly service was launched this week and connects Miami with Campinas and Vitoria (VIX) utilizing one of its Airbus A330 freighters.

Avianca said the service would primarily increase its capacity for importing technological products and high-value goods as well as the export of perishable goods. Avianca Cargo, vice president of corporate development, Diogo Elias said: "Brazil is one of our most significant markets for import and export. At Avianca Cargo, we are in constant search

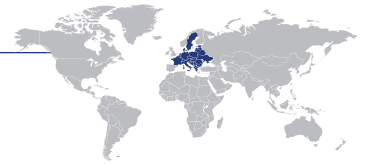


of new opportunities to offer our clients. "This is why, with the inauguration of our fifth destination in this country, we will continue to provide them with more alternatives, consistently and with the highest quality standards."

The airline pointed out that its Miami base was IATA certified under the CEIV Lithium Batteries programme."

Source:

Brett, D. (2023b, August 11). *Avianca cargo expands with new Brazil Flight*. Air Cargo News. <https://www.aircargonews.net/airlines/avianca-cargo-expands-with-new-brazil-flight/>



European Market



OCEAN FREIGHT

Transatlantic Carriers Must Change Course and Rethink Expansion Plans

“Transatlantic container rates from North Europe to the US east coast have fallen below pre-pandemic levels after ocean carriers pumped far too much capacity back into the tradelane.”

Source:

Wackett, M. (2023, August 2). *Transatlantic carriers must change course and Rethink Expansion Plans*. The Loadstar. <https://theloadstar.com/transatlantic-carriers-must-change-course-and-rethink-expansion-plans/>



AIR FREIGHT

Challenge Group Adds First 767-300BDSF to its Freighter Fleet

Freighter airline diversifies aircraft

“Challenge Group has taken delivery of its first Boeing 767-300BDSF converted freighter aircraft to increase the capacity and diversity of its freighter fleet.”

Challenge expects the 767 to help it be more competitive and versatile in meeting specific customer needs, allowing for greater flexibility when less capacity is required. This increased adaptability is also expected to pave the way for exploring new markets, including short and medium-haul routes within the EU, the Indian sub-continent, and the Middle East.

The company said that the aircraft’s volumetric ratio makes it an ideal choice for transporting commodities, and the e-commerce and pharma industries, where volumetric capacity is critical.”



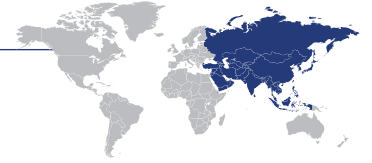
Source:

Jeffrey, R. (2023, August 22). *Challenge Group adds first 767-300BDSF to its freighter fleet*. Air Cargo News. <https://www.aircargonews.net/airlines/freighter-operator/challenge-group-adds-first-767-300bdsf-to-its-freighter-fleet/>

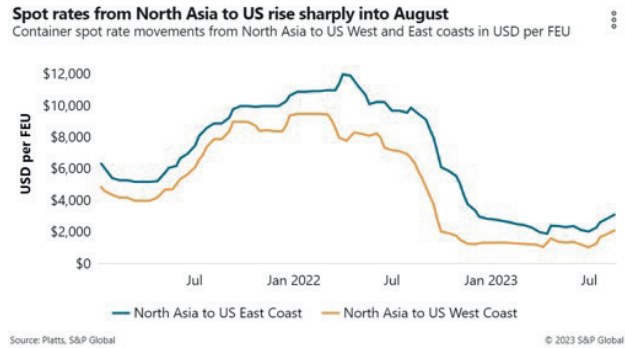
Asia Market



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Asia-US Container Spot Rates Keep Rising Amid More Blank Sailings



“Spot rates have more than doubled since June, owing to a seasonal increase in import demand and labor-related supply chain disruptions, but mostly because carriers have managed capacity by aggressively canceling — or blanking — sailings, according to industry analysts. According to Sea-Intelligence Maritime Analysis, in July, carriers blanked nearly 20% of total capacity to the West and East coasts of North America. That is the highest level of blanking since February through April when import volumes hit their lows for the year thus far.

The influx of large new container ships, mostly on the Asia-Europe trade, will have a cascading effect as somewhat smaller vessels serving that trade will move to the trans-Pacific and other trade lanes. That is why forwarders and industry analysts expect the latest increase in spot rates will likely be the last increase for some time, with spot rates expected to move lower beginning in November.”

Source: Mongelluzzo, B. (2023, August 14). *Asia-US container spot rates keep rising amid more blank sailings*. Journal of Commerce. https://www.joc.com/article/asia-us-container-spot-rates-keep-rising-amid-more-blank-sailings_20230814.html?utm_source=Eloqua



Silk Way West Launches LA Cargo Route

Azeri Freighter carrier expands US network

“Silk Way West Airlines has expanded its US network by adding weekly freighter flights to and from Los Angeles International Airport. The Baku-headquartered airline said it will transport a wide range of general cargo, perishables, oversized and e-commerce goods on the route. Los Angeles is one of the world’s largest cargo gateways, handling millions of tons of freight annually.”

Source:
Jeffrey, R. (2023a, August 10). *Silk way west launches La Cargo Route*. Air Cargo News. <https://www.aircargonews.net/airlines/freighter-operator/silk-way-west-launches-la-route/>



Hong Kong International Cargo Volumes Continue to Recover

Cargo volumes increase year on year for key Asian hub

“Hong Kong International Airport saw its cargo volumes continue to grow in July as it registered a year-on-year improvement for the second month in a row. The airport saw its cargo volumes increase by 3.8% year on year in July to 361,000 tonnes. The increase follows on from an improvement in June, but declines in April and May.

“Exports contributed the most to the overall increase in cargo volume in July, rising by 12.6% compared to the same month last year,” the airport authority said. “Traffic to and from key trading regions in North America, the Middle East, and Europe rose considerably during the month.”

Over the first seven months of the year, cargo volumes have declined by 4.2% year on year to 2.4m tonnes. The airport has said its cargo volumes this year have been affected by global economic uncertainties.”



Source:
Brett, D. (2023c, August 21). *Hong Kong International Cargo volumes continue to recover*. Air Cargo News. <https://www.aircargonews.net/cargo-airport/hong-kong-international-cargo-volumes-continue-to-recover/>

African & Middle Eastern Market



AIR FREIGHT



Closer Trade Ties Between UAE and China Boost Air Cargo Demand

New agreements and investments supporting regional ties

“Freighter capacity on routes between the UAE and China is being ramped up, following initiatives to strengthen trade and investment links. In June, for example, a new agreement was signed between Beijing Daxing International Airport and the Dubai Multi Commodities Centre (DMCC), the UAE’s largest free-trade zone, to become a model for global FTZs.

Trade analysts estimate that increasing commercial opportunities between the UAE and China will lead to bilateral trade reaching \$200bn by 2030. Chinese exports to the UAE hit \$53.86bn last year, according to the UN COMTRADE database on international trade.”

Source:

Whiteman, A. (2023b, August 25). *Closer trade ties between UAE and China Boost Air Cargo Demand*. The Loadstar. <https://theloadstar.com/closer-trade-ties-between-uae-and-china-boost-air-cargo-demand/>



General Fracht News Sources:

- [THELOADSTAR.COM](https://theloadstar.com)
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