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INDIA: September 12, 2022 Week 35/36

Weekly Port Congestion at Major Asia Sea Ports

Hong Kong	Waiting Time : 1 Days
Yantian	Waiting Time : 1 Days
Shekou	Waiting Time : 3 Days
Nansha	Waiting Time : 1 Days
Xiamen	Waiting Time : 2 Day
Qinzhou	Waiting Time : 3 Day
Shanghai	Waiting Time : 2 Day
Ningbo	Waiting Time : 4 Days
Tianjin	Waiting Time : 3 Day
Qingdao	Waiting Time : 1 Days
Kaohsiung	Waiting Time : 1 Days
Keelung	Waiting Time : 3 Day
Port Klang	Waiting Time : 1 Days
Singapore	Waiting Time : 1 Day
Busan	Waiting Time : 3 Days
Tokyo	Waiting Time : 1 Day
Nhava Sheva	Waiting Time : 2 Days
Mundra	Waiting Time : 1 Day
Chennai	Waiting Time : 1 Day

Source :- https://www.gocomet.com/real-time-port-congestion

MARKET UPDATES

US shippers take their complaints to the FMC

Carriers are in the firing line as US shippers head to the FMC looking to recover “damages” from breached contracts and record high freight rates.

A complaint from U Shippers Group, Inc against Maersk Line for alleged Shipping Act violations resulting in damages in excess of $180M that hit the news this week is just the tip of the iceberg for the container shipping industry.

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U Shippers Group filed a complaint with the Federal Maritime Commission (FMC) alleging that beginning "in late 2020 or 2021, Maersk embarked on a series of acts designed to shut out U Shippers from utilising the space promised to it under the service contract." U Shippers complains it was repeatedly denied space for the shipping volume it has contracted, and that this refusal "forced U Shippers' members to obtain space on other vessels at inflated spot rates."

There is more to the story than the complaint by U Shippers against Maersk. U Shippers Group recently settled with one of its own members, YSN Imports, Inc, which filed a case with the FMC alleging U Shippers forced it to pay higher than contracted fees to book space with Maersk. YSN claimed U Shippers "acted unlawfully by imposing 'for-profit' additional fees on its shipper members, including YSN, for use of service contracts entered by the Association under the Act as a 'non-profit' shippers' association within the meaning of the Act." In particular, the fee for each container booking rose from US$55 to $1,200 per FEU.

Other shippers are filing Shipping Act complaints with the FMC. Royal White Cement, Inc (RWC) has filed against CMA CGM for breaching contractual conditions to move cement in jumbo bags from ports in Egypt to the US West Coast. RWC claims it had a contract covering 2000 containers at rates of US$2,175 per container from Port Said and $2,373 from Damietta. After just 10 containers were transported, RWC claims, CMA CGM refused to accept further bookings under the contract.

RWC did move one container from Damietta to Los Angeles under a spot rate of $6,814, some $4,639 more than the contract rate, but rather than continue to pay "over three times the agreed rate," RWC found another method. It claims the difference in cost "could exceed $9,000,000," which it is now seeking in damages from CMA CGM.

Source : https://www.worldcargonews.com

Shipping's China syndrome: Demand sinks across multiple cargo markets

In the mid-2000s, when shipping stocks first became popular on Wall Street, the shares were commonly bought as a play on China's economy. China is pivotal to ocean shipping, whether it's container ships, oil tankers, bulkers or gas carriers.

"There's a saying that everything that moves out of China in containers has to come into China as raw materials," noted Oeyvind Lindeman, chief commercial officer of Navigator Gas (NYSE: NVGS), on his company's latest conference call.

Ominously, signs of China's weakening economy are showing up across all shipping sectors at once.
The glass-half-empty view is that pullbacks in shipping demand are bellwethers of more severe economic problems to come. The glass-half-full view is that declines are temporary. A rebound of Chinese demand for iron ore, oil and gas will eventually boost commodity shipping rates.
Container shipping

Sales of containerized goods to the U.S. and Europe supported the Chinese economy throughout the pandemic era. Markets were rattled Wednesday when China's official monthly export stats came in much lighter than expected.

China's exports rose 7.1% year on year (y/y) in August, well below the consensus forecast for 12.8% growth. Exports had grown 18% y/y in July. China's exports to the U.S. declined 3.8% y/y in August, compared to an 11% increase in July.

Outbound volumes are being squeezed from both sides. Demand for Chinese goods is falling at the same time COVID-19 lockdowns and weather issues are constraining Chinese manufacturing and logistics.

The government has extended lockdowns in Chengdu and announced new nationwide precautions through the end of October. Analysts do not foresee any relaxation of China's zero-COVID policy this year.
Meanwhile, China recorded its highest temperatures and lowest rainfall in over six decades last month. Resultant power outages forced factory closures in Sichuan.

Source : https://www.freightwaves.com/

China's weekly export container shipping index down

SHANGHAI, Sept. 12 (Xinhua) -- China's index of export container transport declined in the week ending on Sept. 9, according to the Shanghai Shipping Exchange.

The average China Containerized Freight Index (CCFI) went down 3.8 percent to 2,722.77 from the previous week, according to the exchange.

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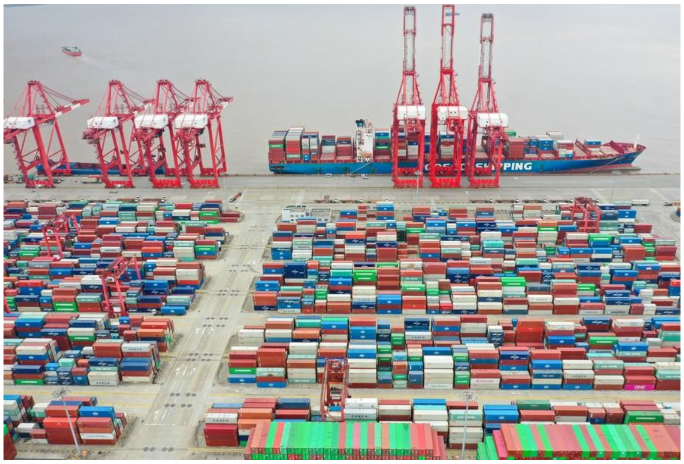

The sub-index for the Persian Gulf/Red Sea service led the decrease with a week-on-week drop of 12.7 percent.
Bucking the trend, the sub-reading for the Australia/New Zealand service rose 0.8 percent from a week earlier.
The CCFI tracks spot and contractual freight rates from Chinese container ports for 12 shipping routes across the globe, based on data from 22 international carriers.
The index was set at 1,000 on Jan. 1, 1998. ■

Source : https://english.news.cn/

India's rice export curbs paralyse trade in Asia

India, the world's biggest exporter of rice, banned shipments of broken rice and imposed a 20% duty on exports of various other types on Thursday as the country tries to boost supplies and calm prices after below-average monsoon rainfall curtailed planting.

Rice is the latest in a string of commodities that have faced export curbs this year as governments struggle to raise supplies and fight inflation amid trade disruptions triggered by the Ukraine war. Rice prices have jumped 5% in Asia since India's announcement and are expected to rise further this week, keeping buyers and sellers on the side lines.

"Rice trading is paralysed across Asia. Traders don't want to commit anything in a hurry," said Himanshu Agarwal, executive director at Satyam Balajee, India's biggest rice exporter.

"India accounts for more than 40% of global shipments. So, nobody is sure how much prices will rise in the coming months," he added.
Rice is a staple for more than 3 billion people, and when India banned exports in 2007, global prices shot to record highs of around $1,000 per tonne.
India's rice exports reached a record 21.5 million tonnes in 2021, more than the combined shipments of the world's next four biggest exporters of the grain: Thailand, Vietnam, Pakistan and the United States.

Rice loading has stopped at Indian ports and nearly one million tonnes of grain are trapped there as buyers refuse to pay the government's new 20% export levy on top of the agreed contract price.

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Source : https://tribune.com.pk/

Shipping lines and container owners in the US struggle to return empty containers to China

Container owners struggle to return to China empty containers piling up in United States and European ports as major trucking and rail issues are making domestic cargo movement difficult, a container logistics industry monthly report says.

US West Coast labor talks that drove freight forwarders to reroute cargo to the East Coast recently have caused congestion in ports there, too, while acute shortage of truckers and rail delays are complicating the situation, said the September 9 report by Container xChange, a technology marketplace and operating platform for container logistics companies.

“What is happening in the US is that there is already congestion like every year because it is the peak shipping season, and everyone is trying to make sure that retailers have enough inventory on the shelves for the upcoming holiday season,” wrote Christian Roeloffs, co-founder and chief executive of Container xChange.
“All in all, there are many challenges that will impact a smooth container movement into the peak season. Empty containers piling up at the depots in the US and containers stuck on the sea (owing to the congestion) will contribute to capacity being tied up.”

Roeloffs said there is an excess of containers on the supply side as liners and container owners struggle to ship them back to China while recessionary fears and inflation have softened consumer demand as the market enters the busiest time of the year.

“The average container prices traditionally increase in China and Southeast Asia during the peak season, and we do expect prices to rise in the coming weeks,” said Roeloffs, who nevertheless expects a relatively small increase in average container prices this year due to the disruptions.

The report said the average prices of all types of cargo-worthy containers in the region rose from US$2,116 in July to $2,214 in August. It said the average container prices in US East Coast and West Coast ports are increasing, in contrast to declining average container prices worldwide.
The US saw a 7.3% month-on-month increase in trading prices for cargo-worthy containers of all types while Canada saw a 15.28% dip.

“This situation of empty containers piling up in the US and in Europe will lead to tighter depot space, carriers will rush to get rid of their older equipment, and second-hand container prices will continue to slide,” Roeloffs forecast.

Source : https://www.portcalls.com/

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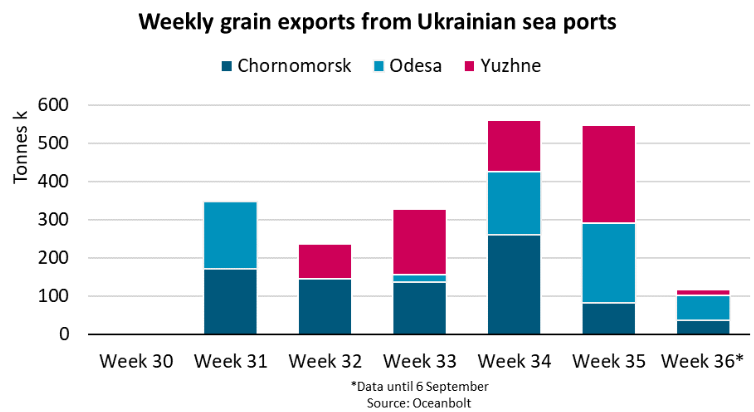
Ukraine exports reach 2.1 mln tonnes under grain deal, Russia raises fresh concerns

On 22 July, Russia and Ukraine signed an agreement to allow grain exports from three ports in Ukraine during a period of 120 days. On 7 September, Putin expressed concerns over the agreement, giving rise to uncertainty about its scope and renewal.

More than 40 days have passed since the agreement was signed, and 2.1 million tonnes of grain have been exported through the ports of Chornomorsk, Odesa and Yuzhne. After a slow start, around 0.5 million weekly tonnes of grains are now being exported. At this pace, monthly exports will surpass 2 million tonnes.
"In spite of limited exports so far, the grain agreement has helped cool down global food prices. These are now back to February levels according to FAO's food price index. If Russia attempts to alter or stop the deal, this progress could be reversed," says BIMCO's Chief Shipping Analyst, Niels Rasmussen.



Russia has recently criticised the agreement claiming most shipments are headed towards the European Union and Türkiye rather than the emerging economies in Africa it was designed to aid. Out of Ukraine's grain shipments under the agreement, approximately 70% of volumes had Türkiye and the EU as their destination. Russia has expressed an intent to renegotiate the deal and restrict grain exports to the EU. In August, Ukraine showed interest in expanding the deal to include cargoes such as metals. In addition, the country expressed hope of opening the port of Mykolaiv under the deal, another key port for grain exports.

While a restriction of exports to Europe could benefit bulk shipping through increased average haul, a risk to loss in volumes remains. Crop spoilage remains a risk in Ukraine with storage at capacity and the ongoing maize harvest adding further pressure.

Source :- https://www.hellenicshippingnews.com/

Global Ship Finance Reaches $500 Billion Mark

Shipping finance has shown its first signs of growth during the past year. The Petrofin Index for Global Ship Finance which commenced at 100 in 2008 is up by 1 point (from 62 in 2021 to 63), showing a rise for the first time in eleven years. According to Petrofin Research's annual report, issued yesterday, the top 40 Banks' lending to shipping in 2021 is higher at US$290.12bn from $286.9bn in 2020. 3. Asian and Australian banks (APAC) show the only growth, from $100.85bn to $114.75. APAC increased their share of the Global Portfolios from 35% to 39.5%. European banks' share declined further by US$9.78, 5.8% yoy. Within Europe, the big decline continues by German banks although the trend has slowed down. Greek banks showed a yoy growth of 14.2 %, whilst Scandinavian banks continued their overall decline deemphasising lending in favour of use of their services to shipping.

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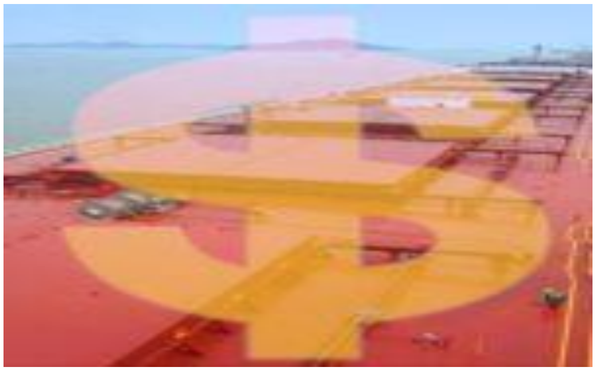

"According to Petrofin Research, we can provide a cautious, indicative figure for global shipfinance, including all forms of lending, leasing and alternative providers, of approx. US$500bn. The total global bank lending of all banks, including local banks, amounts to approx. US$340bn, i.e. approx. 2/3 of the global ship finance total. There is increasing evidence that due to the Russian invasion of Ukraine,
together with the high energy prices, geographical sanctions, higher interest rates, slowdown in global growth and concerns over an incoming recession, bank lending in 2022 has been disrupted as caution prevails amongst banks. The Chinese selective lockdowns and economic slowdown has added to the above concerns and is having a temporary impact on Chinese leasing as well", the report noted.
In its analysis, Petrofin Research said that "as 2021 developed and Covid-19 restrictions waned, the global economy's GDP recovered from -3.1% to +5.9% yoy, seaborne trade from -3.5% to +4% yoy, whilst fleet growth was limited to a 2.9% increase. The above turnaround was assisted by continuing central banks' monetary easing, low interest rates and a resurgence of demand for goods and commodities leading to increased congestion and fleet inefficiency. As a result of these developments, charter rates across most sectors (except for tankers) shot up by 50% for LNGs, up to 185% for dry bulk and multifold for Containers (Clarkson's statistics). Vessel values followed suit, whilst scrapping decelerated. All in all, a remarkable turnaround. Banks, under the above favourable conditions and prospects, faced increased demand for loans, as well as competition from other non-banking lenders".

Source : https://ejourno.net/

Air Charter Service launches dedicated time-critical division

Charter firm Air Charter Service (ACS) has launched a new time-critical business in order to consolidate its various services for urgent shipment requests.

The new ACS Time Critical sub-brand brings together a range of existing services under a single umbrella.
These services include go-now cargo aircraft charters, with onboard courier (OBC) and 'next flight out' options, as well as integrated trucking solutions.

Dan Morgan-Evans, group cargo director at ACS, said: "Over the years we have gained a wealth of experience in the time-critical market, starting with go-now chartering, we added onboard couriers, next flight out and trucking to our résumé.

"We continued to expand and improve upon our services before realising that part of our business had evolved into a time-critical services provider.

"We have completed more than 10,000 OBCs in recent years and added the next flight out service during the pandemic, when travel restrictions limited our couriers' ability to always accompany the packages."
Morgan-Evans added that the company felt the ACS name no longer reflected its complete time-critical offering.

"Our forwarder and manufacturer clients often require multiple services and a complete door-to-door solution, so bringing these services under the new ACS Time Critical sub-brand means that it is clearer to clients that we have a team specialising in the full range of solutions for the most urgent freight and offer more than just charters.

"Whilst the name helps to clarify what we can offer customers, the structure behind it comes with additional benefits for them."

He explained that with some shipments it is not always automatically clear what the best option for transportation is, so the company is "streamlining the process and finding the fastest and most cost-effective solution for every request".

Air Charter Service's (ACS) busy cargo arm helped the aircraft charter broker achieve record annual revenues of $1.8bn

Source :- https://www.aircargonews.net/

Bangladesh exporters eye Indian seaports after country's offer for toll-free transit

In a major development, India has offered Bangladesh toll-free transit facilities for exporting and importing goods to and from third countries using its seaports.
India will also not take transit fees from Bangladesh to export goods to Nepal and Bhutan via its territory.
Indian prime minister Narendra Modi made the offer to Bangladeshi prime minister Sheikh Hasina while she visited New Delhi last week on an official visit.

"The Indian side informed that it has offered free transit via its territory to Bangladesh for exporting its products to third countries, through specified land customs stations/airports/seaports," the two counties said in a joint statement.

"The Bangladesh side also requested rail connectivity with Bhutan through the newly inaugurated Chilahati – Haldibari route. The Indian side agreed to consider the request, based on its viability and feasibility," continued the statement.

Source : https://theloadstar.com/

Drewry’s World Container Index – Week 35/36

Our detailed assessment for Thursday, 08 September 2022

- The composite index decreased by 5% this week, the 28th consecutive weekly decrease, and has dropped by 47% when compared with the same week last year.

- The latest Drewry WCI composite index of $5,379 per 40-foot container is now 48% below the peak of $10,377 reached in September 2021, but it remains 46% higher than the 5-year average of $3,679.

- The average composite index for the year-to-date is $7,858 per 40ft container, which is $4,179 higher than the five-year average ($3,679 mentioned above).

- The composite index decreased by 5% to $5,378.68 per 40ft container, and is 47% lower than the same week in 2021. Freight rates on Shanghai – Los Angeles dropped 14% or $780 to $4,782 per feu. Spot rates on Rotterdam – Shanghai fell 9% or $108 to $1,082 per 40ft box. Rates on Shanghai – New York dipped 4% or $347 to $8,957 per 40ft container. Similarly, rates from Shanghai – Rotterdam and Rotterdam – New York decreased 2% each to $7,435 and $6,688 per 40ft box respectively. Rates on Shanghai – Genoa fell 1% or $87 to $7,884 per feu. Rates on Los Angeles – Shanghai and New York – Rotterdam hovered around the previous week’s level. Drewry expects the index to decrease in the next few weeks.

SPOT FREIGHT RATES BY MAJOR ROUTE

Our assesment across Eight Major East-West Trade

Route	25-Aug-22	1-Sep-22	8-Sep-22	Weekly change (%)	Annual change (%)
Composite Index	$5,986	$5,662	$5,379	-5% ▼	-47% ▼
Shanghai - Rotterdam	$8,010	$7,583	$7,435	-2% ▼	-48% ▼
Rotterdam - Shanghai	$1,190	$1,190	$1,082	-9% ▼	-33% ▼
Shanghai - Genoa	$8,391	$7,971	$7,884	-1% ▼	-42% ▼
Shanghai - Los Angeles	$6,127	$5,562	$4,782	-14% ▼	-59% ▼
Los Angeles - Shanghai	$1,254	$1,262	$1,260	0%	-13% ▼
Shanghai - New York	$9,569	$9,304	$8,957	-4% ▼	-41% ▼
New York - Rotterdam	$1,278	$1,282	$1,279	0%	8% ▲
Rotterdam - New York	$6,922	$6,839	$6,688	-2% ▼	9% ▲

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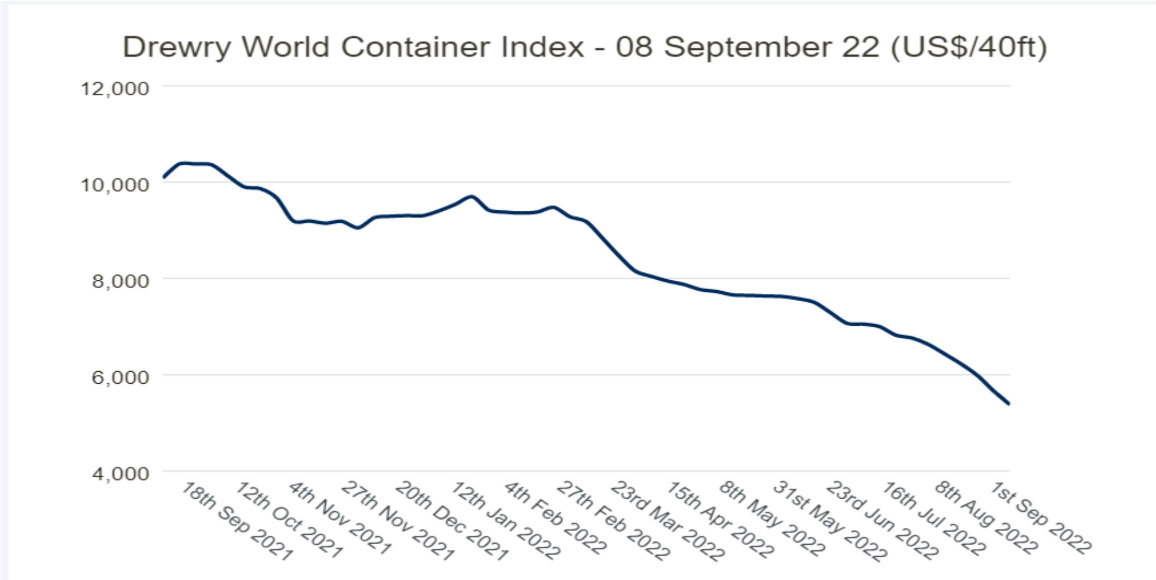
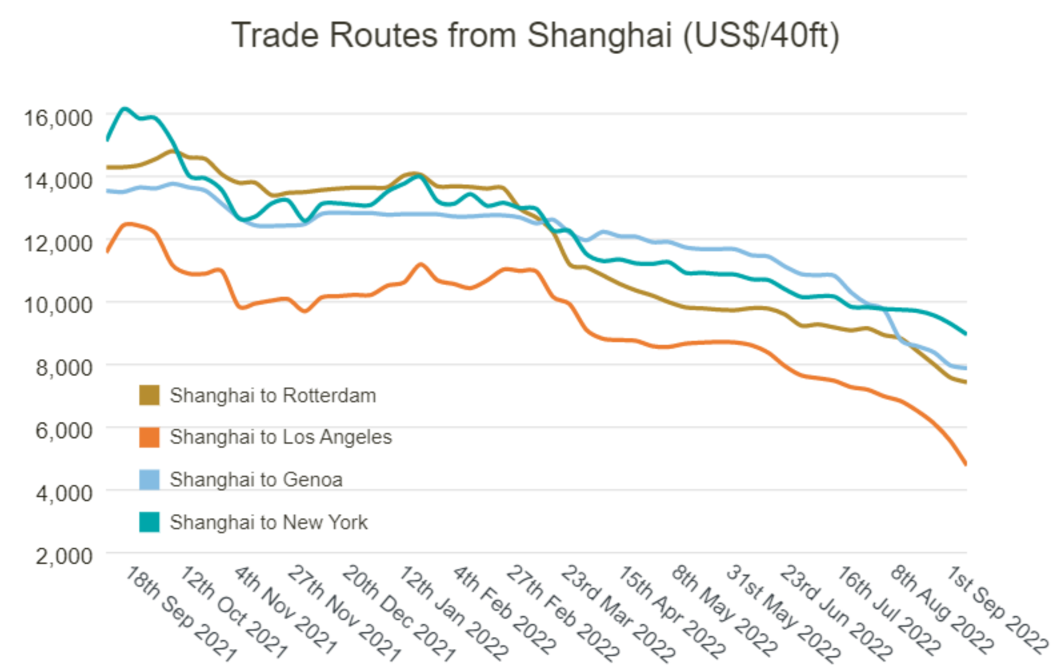
Drewry's composite World Container Index decreased by 5% to $5,378.68 per 40ft container this week.





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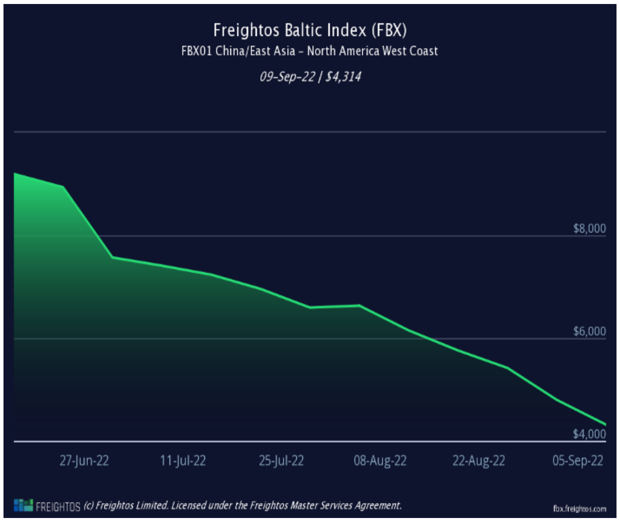
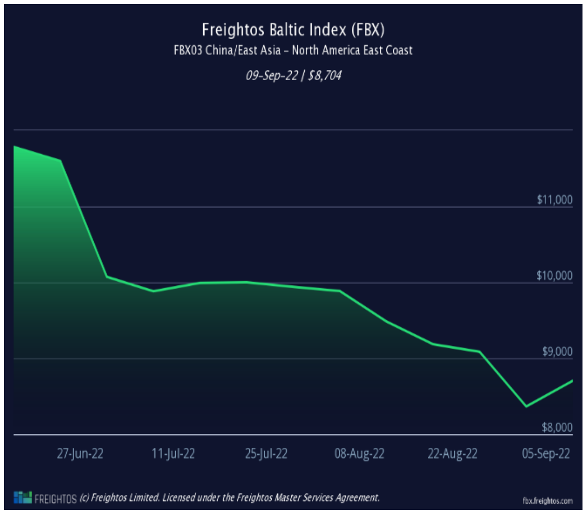
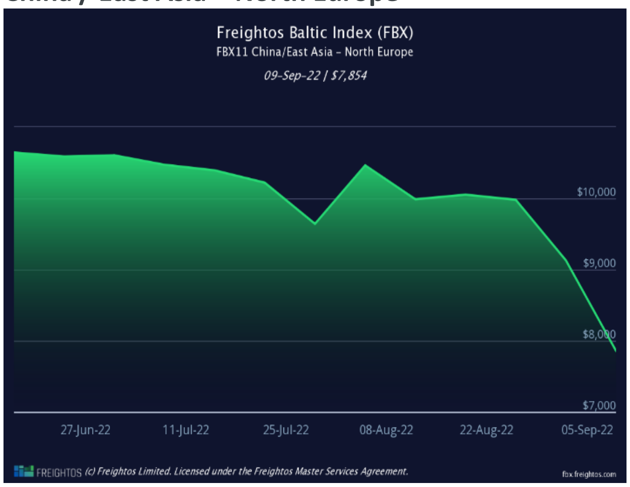
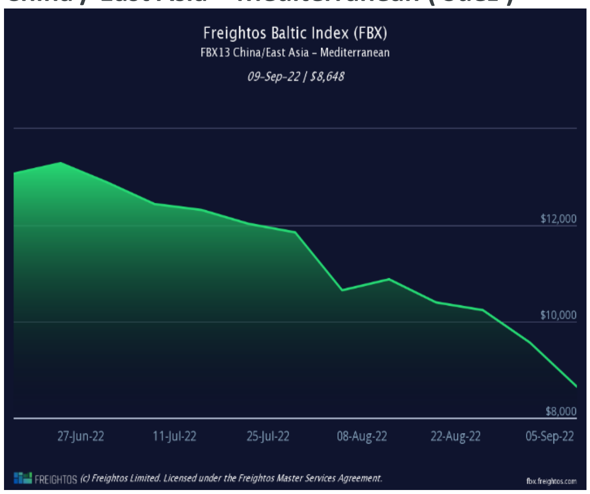
FREIGHTOS CHINA / EAST ASIA FREIGHT INDEX

China / East Asia to North America West Coast	China / East Asia to North America East Coast
	
China / East Asia – North Europe	China / East Asia – Mediterranean (Suez)
	

FREIGHT INDEX (EX-ASIA – WORLDWIDE DESTINATION)

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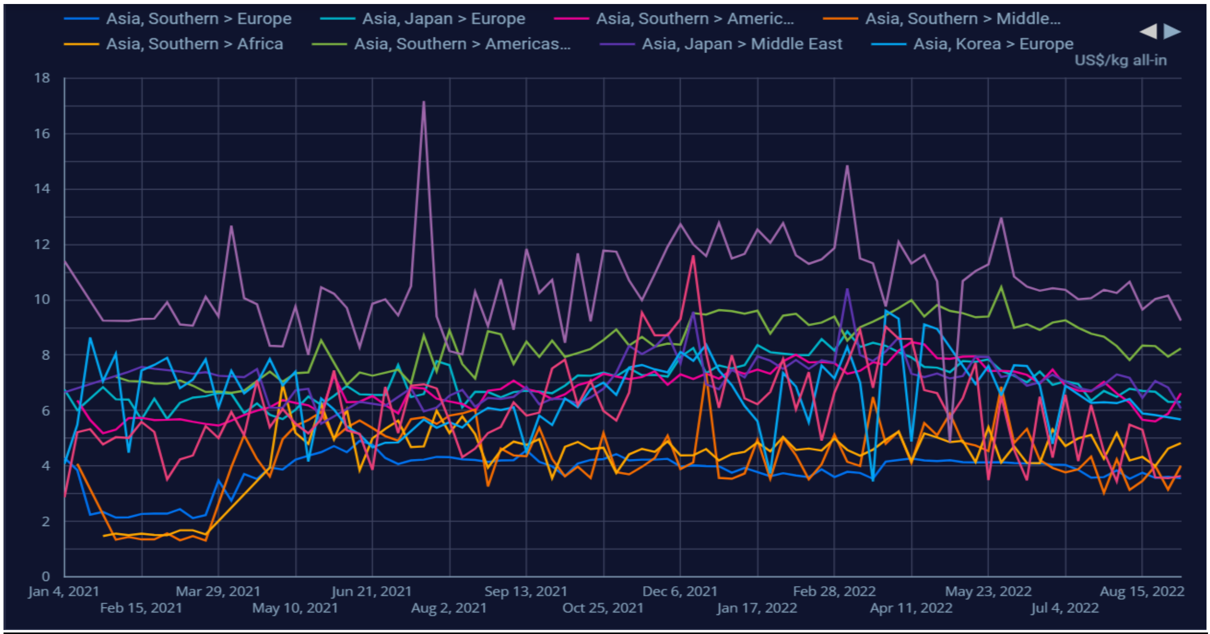

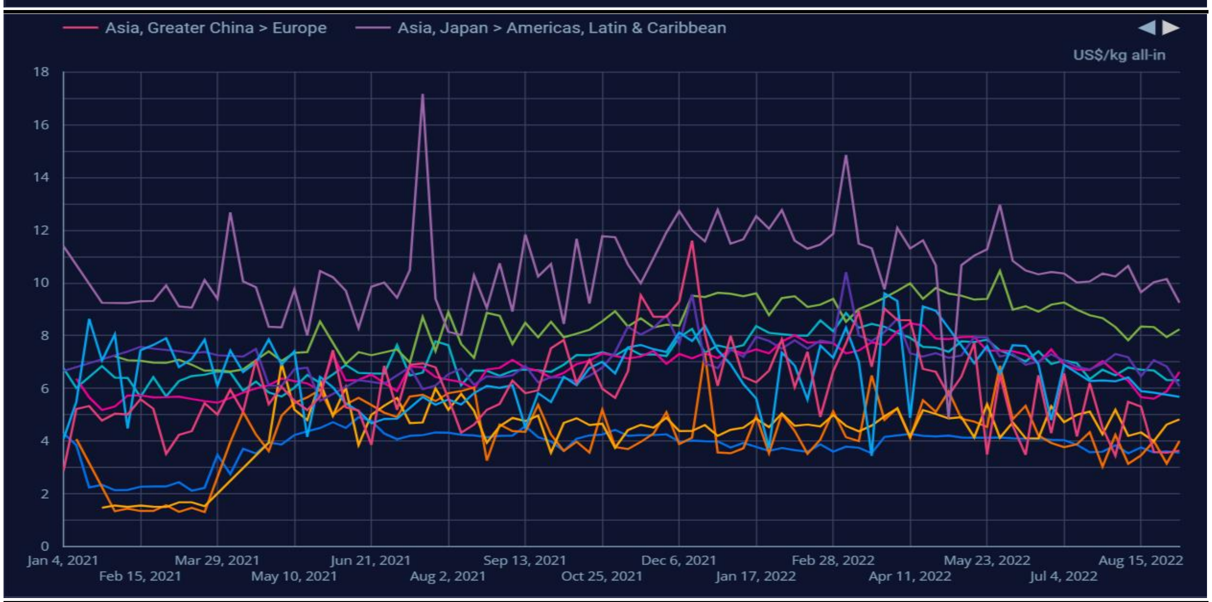

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