INDIA: July 27, 2022 Week 29/30

Weekly Port Congestion at Major Asia Sea Ports

Hong Kong	Waiting Time : 1 Days
Yantian	Waiting Time : 4 Days
Shekou	Waiting Time : 1 Days
Nansha	Waiting Time : 0 Days
Xiamen	Waiting Time : 2 Day
Qinzhou	Waiting Time : 1 Day
Shanghai	Waiting Time : 2 Day
Ningbo	Waiting Time : 2 Days
Tianjin	Waiting Time : 2 Day
Qingdao	Waiting Time : 3 Days
Kaohsiung	Waiting Time : 3 Days
Keelung	Waiting Time : 0 Day
Port Klang	Waiting Time : 1 Days
Singapore	Waiting Time : 2 Day
Busan	Waiting Time : 1 Days
Tokyo	Waiting Time : 1 Day
Nhava Sheva	Waiting Time : 1 Days
Mundra	Waiting Time : 3 Day
Chennai	Waiting Time : 1 Day

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

MARKET UPDATES

A global recession can be avoided, but risks are high

Entering 2022, the global economy was headed for a major slowdown. As inflation raged, central banks accelerated the pace of monetary policy tightening, aiming to slow the growth of aggregate demand and calm price pressures. Two shocks intervened—Russia's invasion of Ukraine on 24 February and lockdowns in mainland China in response to a March-April surge in COVID-19 cases. These shocks further disrupted supply chains, adding to cost pressures. At the same time, soaring energy and food prices eroded consumer purchasing power and sentiment. After growing at annual rates of 6.0% quarter on quarter (q/q) in the fourth quarter of 2021 and 3.5% in the first quarter of 2022, world real GDP fell an estimated 1.7% in the second quarter. Among the major economies in decline were the United States, eurozone, United Kingdom, mainland China, Taiwan, Russia, Poland, Turkey, and South Africa.

Source :- https://www.hellenicshippingnews.com/category/world-economy/world-economy-news/

Crisis of confidence stifles China's economic recovery

Chinese beef hotpot restaurant chain Baheli, which makes only a third of the revenue it earned before the COVID-19 pandemic, has no intention to resume its expansion, even if authorities bring new infections to zero.

SVPL 242, Vikas Marg, Sector 51, Gurugram-122018 (HR)
Email : sales@koibitovest.com
TEL No. +91-9711124234, 9999098765
GSTIN : 06AAJCK4132F1ZS

The problem, founder Lin Haiping says, is that consumers would not regain their confidence in a hurry, as China's stubborn pursuit of its "zero-COVID" strategy, against a global trend of living with the virus, has upended their lives.

"All business plans are postponed," said Lin, who opened his first restaurant in 2008 in the southern city of Shantou and quickly expanded to almost 200 outlets across China before closing down a quarter of them due to COVID.
"People feel it's difficult to make money, they are more inclined to save. They will need time to forget the pain."

Analysts expect China to grow 4% this year, according to a Reuters poll, a level most countries would envy but sluggish by its own standards.

It would also miss Beijing's official growth target – set this year at around 5.5% – for the first time since 2015, when China was hammered by a stock market crash and capital flight.
The private sector is bearing the brunt of this economic slowdown.

Consumer confidence is hovering near record lows, private investment slowed in the first half, and youth unemployment is at a record 19.3%, prompting calls for more urgent government stimulus.

But already high economic imbalances are causing headaches for the ruling Communist Party as it readies for a once-in-five-years congress this autumn, where President Xi Jinping is expected to secure a precedent-breaking third leadership term.

Hundreds of millions of Chinese in dozens of cities faced various COVID restrictions this year, culminating with the full April-May lockdown of Shanghai. A wide range of businesses shut their doors as well, sometimes right after being allowed to reopen, as authorities play COVID whack-a-mole.

Shanghai-based Martin Wawra, CEO of the Mobility division of Voith Turbo, a German commercial vehicle parts maker, said he needs to lay off workers to break even as the trucking industry "is suffering a lot" from COVID-induced logistical bottlenecks.

Private firms also worry about an evolving property crisis, rising borrowing costs in key export markets, heightened geopolitical tensions, and a sweeping crackdown on the technology and private education sectors.
China's real estate sector, which makes up roughly a quarter of its economy, has suffered a string of defaults by developers while a growing number of homebuyers are refusing to pay mortgages on stalled projects.
"China is facing a crisis of confidence," said Rob Subbaraman, Nomura's head of global macro research.

Source :- https://www.hellenicshippingnews.com/crisis-of-confidence-stifles-chinas-economic-recovery/

Truckers end port of Oakland protest blockade over AB5 law – for now

Cargo was finally flowing again through the US port of Oakland on 26th July after a blockade by truckers had paralysed freight traffic over the past week. And agriculture shippers hope there will be no repeat of the blockage.

"The port of Oakland has resumed full operations," announced a relieved port executive director Danny Wan yesterday, after truckers had decided not to continue their action at the port's gates.

In protest against California's AB5 legislation on employment status, truck owner-operators, who constitute the bulk of drayage drivers in the state, had started action at the port of Los Angeles on 13 July, but shifted to Oakland the following week as their impact at the larger port had been negligible.

At Oakland, their protest had a marked impact: they blocked access to the port's terminals, stopping the flow of cargo in and out of the port; and, in addition, longshoremen did not cross their picket lines, citing safety concerns, which meant ships at the port were not unloaded and remained idle at the docks, while a queue of waiting vessels grew. By Friday, the vessel backlog had risen to 12, although one ship cancelled its call at Oakland after three days of waiting and went to Los Angeles instead.

According to Project 44, dwell times of import containers at the port had risen to more than two weeks by Friday. Prior to the trucker protests, dwell times had been 10 days, but that was due to problems with intermodal capacity.

Oakland is a key gateway for perishables exports, most originating in California, which sends over $20bn worth of agriculture products overseas every year. The port processes about $1.86bn worth of exports in a month, of which two-thirds are agriculture products.

Source : https://theloadstar.com

Coca-Cola gets a taste for cheaper inland waterway service in India

Coca-Cola is among the first shippers to benefit from a 40-60 teu inland waterway container service for India-Bangladesh cross-border trade.

Maersk Line has piloted a container-on-barge solution for Indian exports to its neighbour using the framework of a government-to-government "inland water transit and trade protocol", designed to facilitate river transport along the Bay of Bengal.
The *MV Pradyun* transported 50 teu from Kolkata to Dhaka on behalf of Coca-Cola Bangladesh Beverages, according to Maersk (India).
"Cargo movement on inland waterways or rivers is much more reliable, especially in monsoons, when turbulent weather can cause delays on the ocean," the carrier noted. "Moreover, with the ocean network under capacity pressure, the alternative inland waterway route that is quicker and more reliable has received a warm welcome from shippers."

Maersk also claimed the waterway route would help avert the bottlenecks at the landside border crossings that typically hinder truck flows on both sides.

Source : https://www.theloadstar.com

SMEs join sourcing shift away from China as Covid policy dents confidence

The production shift from China to South-east Asia is accelerating – now "even SMEs" are searching for alternative supply chains in the face of China's restrictive Covid policies.

According to Hong Kong-based digital wholesale marketplace Peeba, while the world is likely to see record Covid cases this winter, this is unlikely to lead to more supply chain disruption, except in China, where business disruption is "driving companies to alternative markets."

Peeba supply chain director Benny Wong said: "While global supply chains are beginning to resume normal operations post-pandemic, we're seeing an accelerating divergence between China's supply chain and the rest of the world's.
"For example, Japan saw record Covid cases last week, yet that did not lead to a change in its preventative policies, which is good for predictable supply chain operations and general business confidence.
"Meanwhile, China continues to clamp down hard when new cases spring up, leading to uncertainty and business disruption that damages the supply chain."
Indeed, Shanghai has announced yet another round of mass testing, beginning 26th July, and roughly 20%of the country, across 41 cities, is currently under some form of lockdown, according to analysis by Nomura. Most of the cases are in the northern province of Gansu and southern region of Guangxi.

Source : https://www.theloadstar.com

Forwarders and shippers want EC to urgently review liner block exemption

Ten shipper and forwarder organisations have urged the EC to bring forward the review of the Consortia Block Exemption Regulation (CBER).

In a letter to EC executive VP Margrethe Vestager, shippers take issue with the commission's view that competition in the market is strong and working within the CBER guidelines.

Last year, letters on 13 April and 14 September did not appear to shift the European competition regulator's stance, the EC maintaining it was keeping a close eye on the market mechanics of the liner shipping industry. But shippers, armed with the latest International Transport Forum (ITF) report, disagree.
They claim the report shows "how the behaviour of the global lines and their consortia have created an up to seven-fold increase in rates and a reduction in the availability of capacity for customers in Europe".
The letter points to the $186bn profits raked in by the lines, with margins rising to 50%, while they have reduced capacity into Europe as schedule reliability and the quality of services has declined.

Shippers believe these "excesses" can be directly attributed to the consortia block exemption, and the "favourable terms" under which the carriers are allowed to operate within European tradelanes.
They wrote: "The regulation does not seem to be able to accommodate major changes in this market over the past few years, including developments in information standardisation and exchange, shipping lines' acquisition of other supply chain functions, nor how the shipping lines have been able to leverage these to accrue supernormal profits at the expense of the rest of the supply chain."

The Global Shippers' Forum said the EC had commented there was 'no illegal activity' from the lines, but GSF director James Hookham said: "We believe this is because there is sufficient flexibility in the current wording to allow all the collusion necessary."

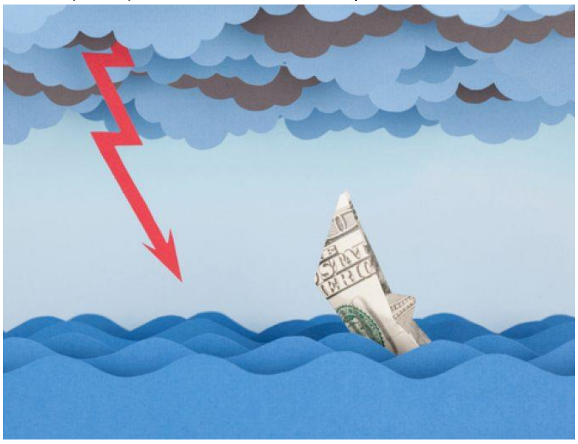
And the shippers point to the approach taken by other competition authorities, particularly in the US, where they have taken a more critical view and shippers want an immediate review of the EC CBER.
"There is a striking contrast between the approach of the commission and the vigour with which the Federal Maritime Commission in the US, and a number of other competition authorities globally, have pursued action against the lines, and the revelations of anticompetitive behaviour which emerged from their investigations," wrote the forwarders and shippers.

Source : https://www.theloadstar.com ;

'Lines banging on our door' as spot rates tumble and peak season disappoints

Container spot rates from Asia to Europe and the US are coming under increased pressure, as the peak season appears "muted" at best.

Freight rates from China fell this week on 19 of the 21 routes covered by the Ningbo Containerized Freight Index (NCFI), with its China-Europe and China-US components in particular dragged down by "insufficient volume".



The NCFI commentary said "most carriers" had been obliged to discount as spot rates "continue to decline".
Spot rates for North Europe fell to $9,092 per 40ft this week, according to Drewry's WCI index, although a CEO of a UK forwarder told *The Loadstar* recently it had been offered a rate of $7,000 per 40ft through August.
"They were not interested a month ago, but now the carriers are banging our door down for business again," he said.
For Mediterranean ports, the WCI recorded a 5% fall for the week, to $10,300 per 40ft as that market also came under pressure.
On the transpacific, the spot rate decline is accelerating, with all the indices in the red again this week; with, for example, Xeneta's XSI reading for Asia to the US west coast losing 7%, to $6,856 per 40ft.

Rates on the tradelane have tumbled by over 50% since the start of the year; 12 months ago, as the peak season kicked in, BCOs were struggling to secure space on the transpacific US west coast route at rates three times higher than the current level, after premium fees were factored in.

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

Airfreight rates out of Asia take a dive as demand from the west is 'subdued'

Asian forwarders are reporting a large drop in airfreight rates, but don't believe this is the end of elevated prices, nor a significant fall-off in demand.
One South-east Asian forwarder said: "The demand for airfreight to Europe and the US is looking a bit subdued.

SVPL 242, Vikas Marg, Sector 51, Gurugram-122018 (HR)
Email : sales@koibitovest.com
TEL No. +91-9711124234, 9999098765
GSTIN : 06AAJCK4132F1ZS

KOIBITO VEST PRIVATE LIMITED
(Experience the growth together)

“However we note that this time last year, it wasn’t too strong either. Coupled with the fact that there is substantially more capacity this year, I wouldn’t say demand has dropped drastically.”
The forwarder said customers – in particular, manufacturers of apparel and footwear – report that upcoming orders for the year-end would be similar to last year.

He added: “However, as we aren’t facing the same capacity crunch as 2021, it remains to be seen if this year forwarders will be scrambling and outbidding each other to secure capacity from airlines.”

However, one Shanghai-based forwarder said passenger flights had not fully resumed operations and that the market was operating at about 80% of normal capacity. He argued that the rate fall was likely due to a drop-off in demand.

“I think it is mainly because of less demand, due to a negative economy worldwide. If you take the US as an example, in May US imports dropped over 30% from worldwide. Also, it is the summer holiday period, which is typically the slow season.

“Rates have reduced recently, however not in a big way. I think it’s not possible to expect a big reduction while capacity is still low.”
WorldACD reported that, year on year, capacity out of Asia Pacific in the past two weeks was down 10%, but up 18% in both Europe and the US.

Source : https://theloadstar.com

Risks ahead for shipping markets

Risks to shipping markets were in focus as analysts from Maritime Strategies International (MSI) shared their opinions and outlook on the dry bulk, container, oil and newbuilding sectors.

SVPL 242, Vikas Marg, Sector 51, Gurugram-122018 (HR)
Email : sales@koibitovest.com
TEL No. +91-9711124234, 9999098765
GSTIN : 06AAJCK4132F1ZS

Will Fray, Director – MSI, told a China Shipping Outlook 2022 webinar, that the dry bulk sector showed a stronger performance than expected at the start of the Covid outbreak, particularly for smaller handysize vessels, however, the near-term outlook has weakened sharply as the trade volumes under pressure for many quarters. These include the impact of global economic slowdown, government or large investment projects that are on hold whilst commodity prices and supply chain issues remain, the Chinese property market is still struggling and the Russia/Ukraine war is also limiting cargoes.

As a result Fray said a recovery in 2023 is now at risk. The demand outlook is weak, implying that a negative impact of the easing of covid-related inefficiencies more than offset the positive impact of increased inefficiencies driven by environmental regulations, Fray continued. An improvement in market balances relies on scrapping in 2023/2024.

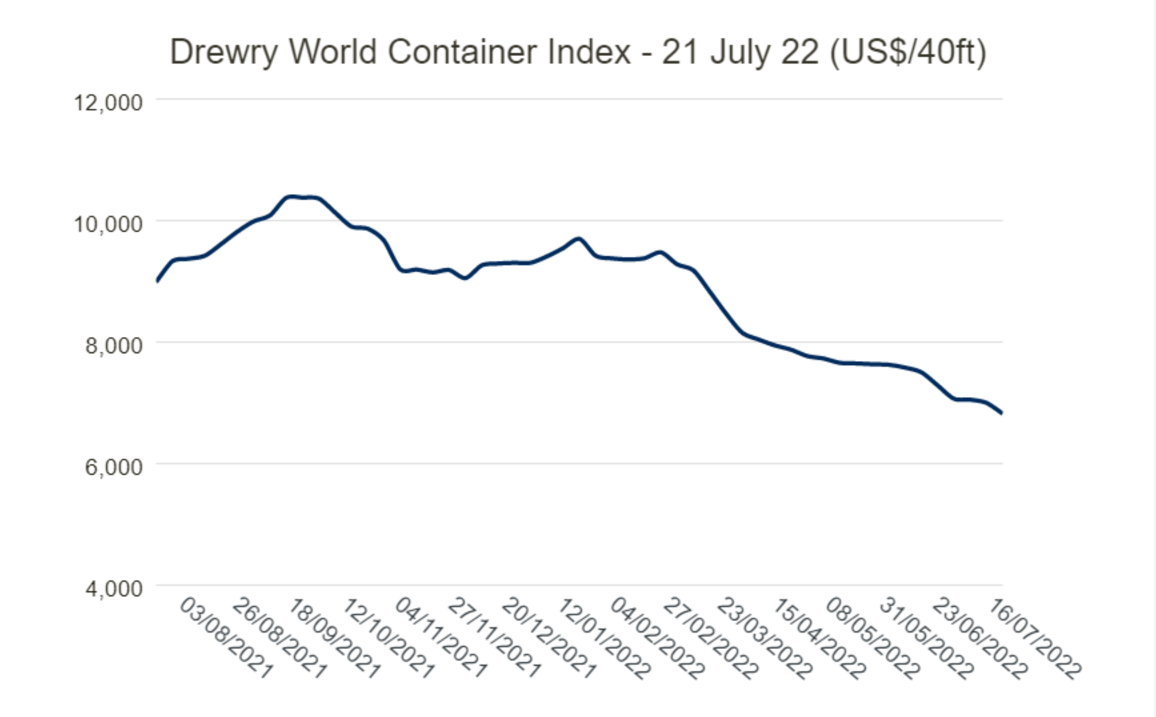
Source : https://www.seatrade-maritime.com/dry-cargo/risks-ahead-shipping-markets

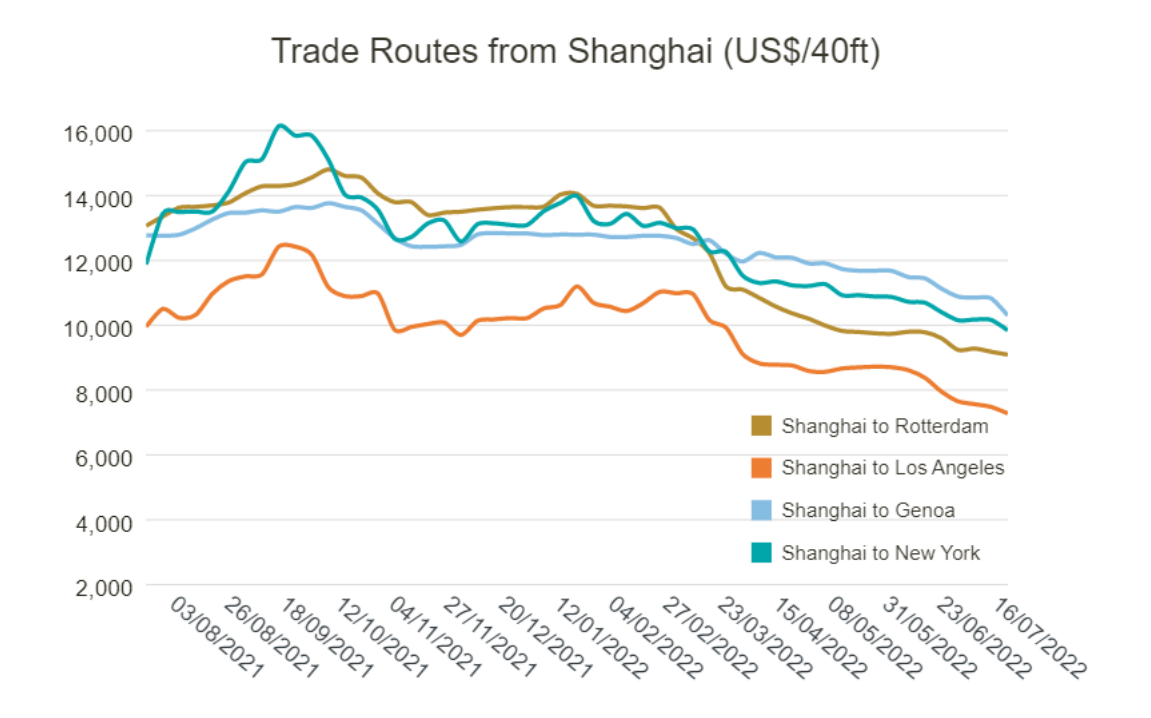
World Container Index – Week 29/30

Our detailed assessment for Thursday, 21 July 2022

- The composite index decreased by 2.6% this week, the 21st consecutive weekly decrease, and has dropped by 24% when compared with the same week last year.
- The average composite index of the WCI, assessed by Drewry for year-to-date, is $8,269 per 40ft container, which is $4,715 higher than the five-year average of $3,554 per 40ft container.
- Drewry's World Container Index composite index decreased by 2.6% to $6,820.04 per 40ft container, and is 24% lower than the same week in 2021. Freight rates on Shanghai – Genoa dropped 5% or $529 to $10,300 per feu. Spot rates on transpacific lanes, Shanghai – Los Angeles and Shanghai – New York fell 3% each to $7,280 and $9,842 per 40ft box respectively. Rates on Los Angeles – Shanghai decreased 3% to $1,259 per 40ft container. Similarly, rates on Rotterdam – Shanghai dipped 2% or $29 to $1,212 per 40ft box. Rates on Shanghai – Rotterdam slid 1% or $90 to $9,092 per feu. Rates on Rotterdam – New York and New York – Rotterdam hovered around the previous week's level. Drewry expects the index to decrease in the next few weeks.

SVPL 242, Vikas Marg, Sector 51, Gurugram-122018 (HR)
Email : sales@koibitovest.com
TEL No. +91-9711124234, 9999098765
GSTIN : 06AAJCK4132F1ZS

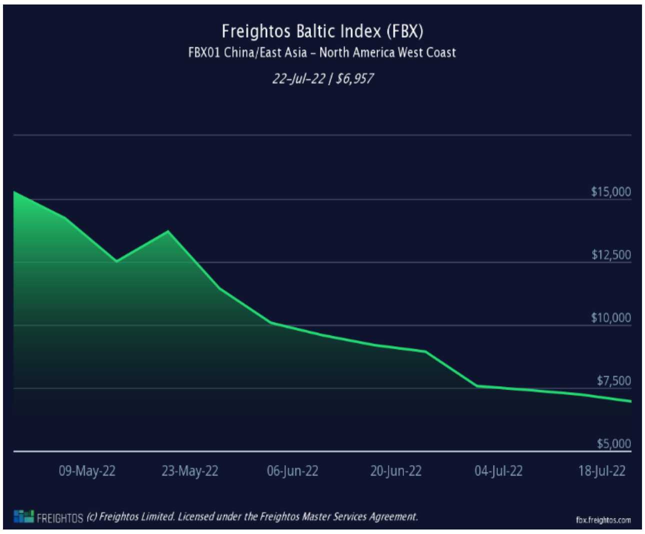




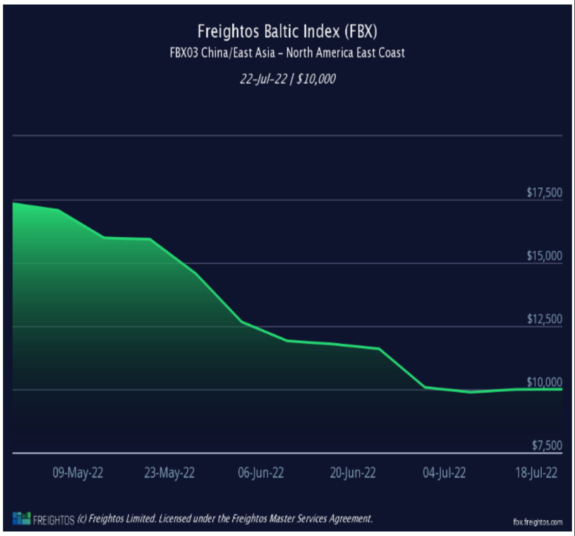
Source :- Drewry - Service Expertise - World Container Index

CHINA / EAST ASIA FREIGHT INDEX

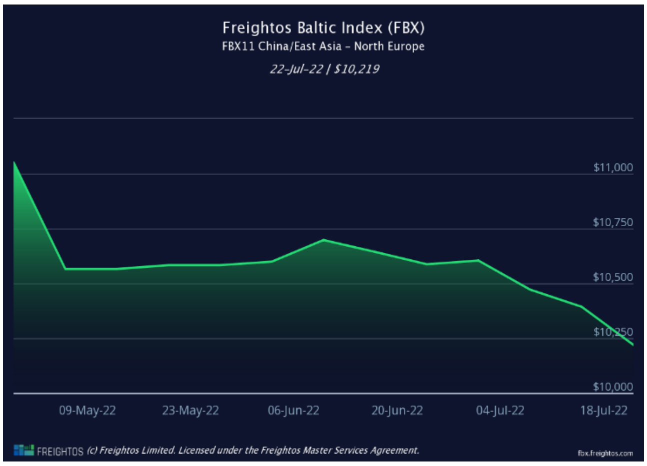
China / East Asia to North America West Coast



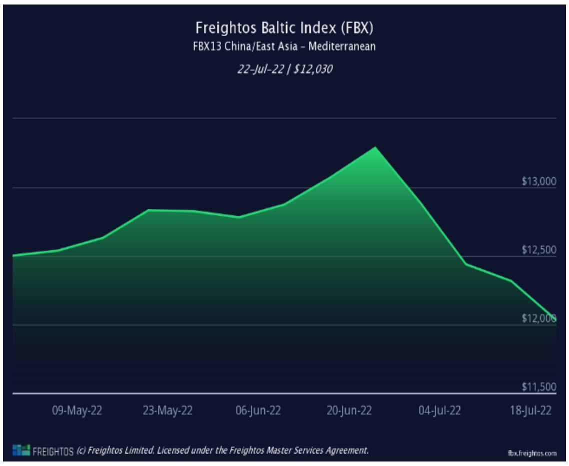
China / East Asia to North America East Coast



China / East Asia – North Europe



China / East Asia – Mediterranean

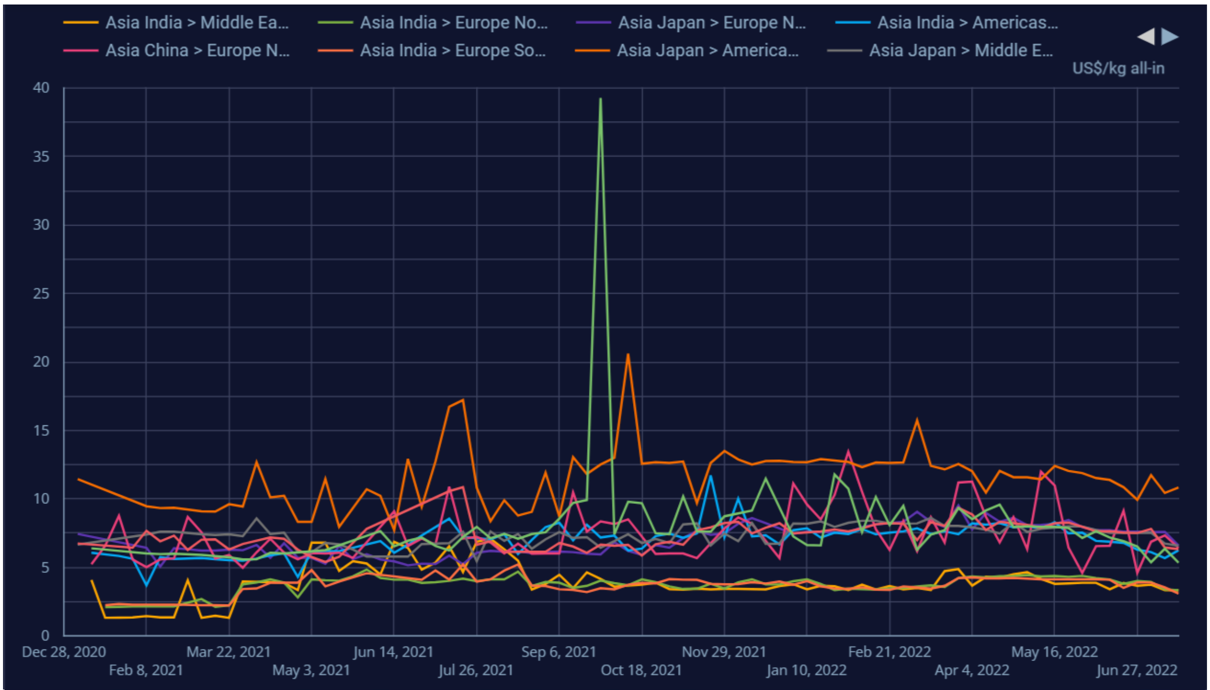


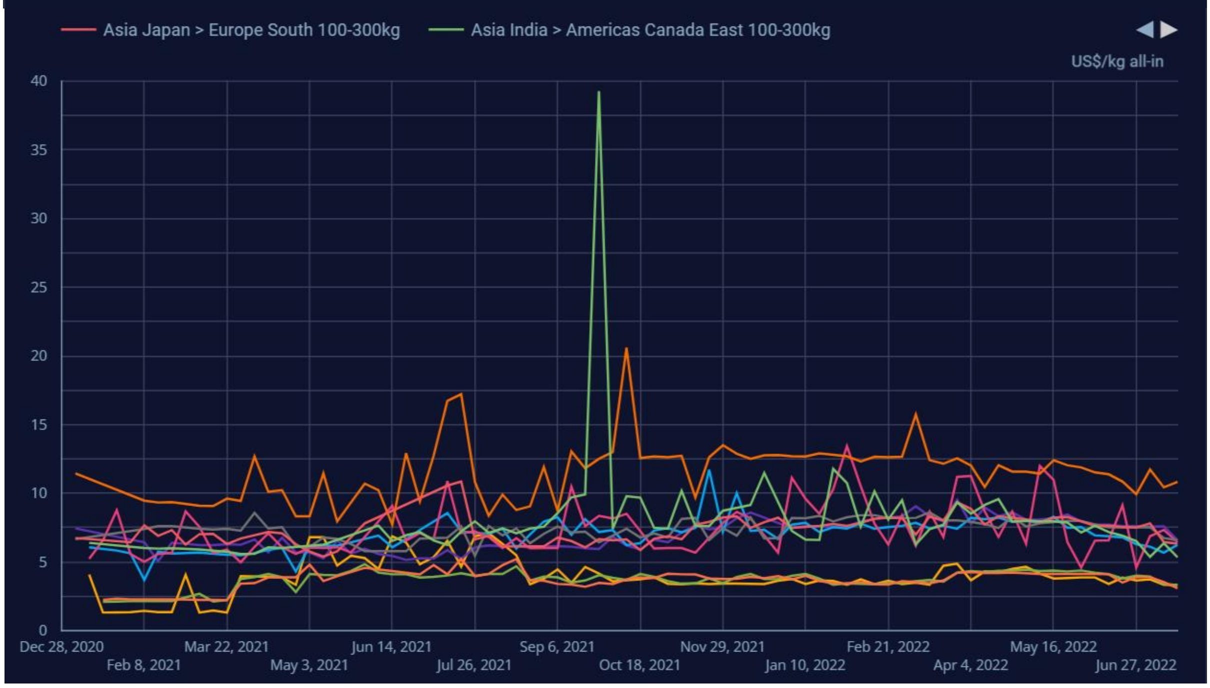
AIR FREIGHT INDEX

SVPL 242, Vikas Marg, Sector 51, Gurugram-122018 (HR)
Email : sales@koibitovest.com
TEL No. +91-9711124234, 9999098765
GSTIN : 06AAJCK4132F1ZS

KOIBITO VEST PRIVATE LIMITED

(Experience the growth together)





Source : Freightos Air Freight Index

SVPL 242, Vikas Marg, Sector 51, Gurugram-122018 (HR)
Email : sales@koibitovest.com
TEL No. +91-9711124234, 9999098765
GSTIN : 06AAJCK4132F1ZS