



Date: 28 October 2022

Key Notes

- An average of **~8 317 containers** was handled per day, with **~9 638 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **1 764** containers, **↑259%** compared to last week.
- Stats SA shows that the volume of goods transported (payload) increased by **↑21,2%** (y/y) in August.
- Cross-border queue times were **↑0,1 hours**, with transit times **↓4,5 hours**, SA borders **~7 hours (↓7%)**.
- The RWI/ISL container throughput index increased by **↑0,9** to **126,8** points in September.
- Liner schedule reliability fell by **↓0,7%** (m/m) to **45,5%**, with average late arrivals at **5,81 days**.
- The "WCI" decreased for the **35th consecutive week**, with spot rates down **↓7% (\$238)** to **\$3 145** per 40ft.

i. Port operations - General

- The recovery and intended rebound after the negative impact of the strike is the focus, as port operations this week were characterised by equipment breakdowns and shortages, adverse weather conditions, backlogs, and congestion.
 - Our national ports experienced a very challenging week regarding adverse weather conditions, especially Cape Town, as approximately 47 hours were lost due to strong winds.
 - Equipment breakdowns and shortages still overshadow the Durban port, while the Eastern Cape terminals could not make it through the week unscathed as weather conditions ensured operational delays.
 - Furthermore, reports this week suggest that the Durban helicopter will commence night shift operations from the second week of November, while the continuous and extensive cable theft is adding insult to injury at our already-fragile railways.

ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **37%**, reefers **39%**, and empties **44%**.
- CTCT handled **~1 589** containers per day, with an increased average of **~1 936** projected this week.
- DCT Pier 1: Stack occupancy was **50%** for GP containers with **1 549** imports on hand, **105** reefers and **84** unassigned units.
- DCT Pier 2: Stack occupancy moderated to **52%** for GP containers.
- The terminal had between 79 and 86 straddles in operation throughout the week, operated by 12 gangs.
- DCT Pier 1 handled **~1 406** containers per day, with an increased average of **~2 000** this week.
- DCT Pier 2 handled **~3 991** containers per day, with an increased average of **~4 281** this week.
- Average TTT for DCT this week: **69 minutes (↓5%)**, with a staging time of **65 minutes (↑210%)**.
- In the last week (22 to 28 October), rail cargo handled out of Durban was reported at **1 764** containers, up by **↑259%** from the previous week's **491** containers.

iii. Local and cross-border road:

- In our domestic transport sector, road transport continues to eat into rail's payload share, as we desperately need the modality to pull its weight.
 - The private sector has long called for reform in this sector, which has been forthcoming in discussions but not yet in practice.



- Hopefully, some of the comments from Minister Enoch Godongwana in his MTBPS¹ is cause for optimism.
- The Minister rightly said that "*inefficiencies in port and rail are costing the economy billions and further undermining our efforts to raise growth*".
- And that "*Several steps are being taken to introduce greater competition and efficiency into ports and rail*".
- These policies need to be fast-tracked with tangible benefits for potential suitors, as we need a multimodal approach to satisfy our high freight demand.
- In the cross-border road freight sector, the lengthy queue times of late decreased significantly last week, although truck flows through Beitbridge, Groblersbrug, Kasumbalesa, and Noordoewer remain high.
- However, several other incidents did occur, notably **(1)** frivolous inspections by Zambian police **(2)** and transporters being encouraged to remain vigilant crossing through Kasumbalesa.
- Last week, clearing times at South African borders decreased substantially and averaged **~7 hours** (**↓7%** w/w).
- For the SADC region, cross-border queue time has averaged **~3,2 hours** (up by **~0,1 hours** from the **~3,1 hours**), while the week's average cross-border transit times hovered around **~11,2 hours** (down by **~4,5 hours** from the **~15,7 hours**).

iv. Global economy and global shipping industry

- The latest *RWI/ISL*² figures showed that global port throughput increased slightly to **126,8 points** in September (up by **↑0,9** from August's revised **125,9 points**)³.
 - The increased activity was led by container growth in China after recording a significant decrease in the previous month.
 - As a result, the index for Chinese ports increased from **135,1** to **136,4**.
 - Meanwhile, Europe's growth activity has been muted and recorded a slight decrease for August – from **115,5** (revised) to **115,0**.
- According to the latest September figures published by Sea Intelligence, global liner schedule reliability declined slightly after several months of improvement.
 - The latest number shows that liner schedule reliability fell by **↓0,7%** (m/m) to **45,5%**⁴ in September.
 - Furthermore, the average delay for LATE vessel arrivals has continued to improve, with September down by **0,1** to **5,81 days**.
- The slide in global container freight rates continues (now for a 35th consecutive week), as the massive decrease in consumer demand cannot be hidden.
 - Drewry's "*World Container Index*" decreased by **↓7%** (**\$238**) to **\$3 145** per 40-ft container this week, with the composite index now **↓67%** below the spot prices quoted this time last year and continues to trend below the five-year average (**↓16%**) of **\$3 747**.

¹ Godongwana, E. 26/10/2022. [MTBPS Speech](#).

² Container Throughput Index of RWI – Leibniz Institute for Economic Research and the Institute for Shipping Economics and Logistics (ISL), which consists of data from 90 international ports, constituting approximately **64%** of global container traffic, and includes the South African ports of Cape Town, Durban, and Ngqura.

³ RWI/ISL. 28/10/2022. [RWI/ISL Container Throughput Index: Global trade remains stable despite economic troubles](#).

⁴ Murphy, A. 28/10/2022. [Schedule reliability declined slightly in September 2022](#).



- Despite the ongoing decrease, the rate remains **↑121%** higher than the average 2019 (pre-pandemic) rate of **\$1 420**.
- The average composite index for the year-to-date is **\$7 209** per 40ft container, which is **\$3 747** higher than the five-year average.
- Moreover, despite a weakening world economy (and accompanying weakening of container demand), the industry experienced slight seasonal growth, boding well for the near future – especially in light of further improvements with schedule reliability:
 - According to the latest July figures published by Sea Intelligence, global liner schedule reliability rose sharply by **↑5,6%** (m/m) to **46,2%**⁵ in August.
 - Although liner reliability is still far from average pre-pandemic levels of **~75%**, the trajectory continues to breed optimism after the dismal last 12 months or so.
 - Furthermore, the average delay for LATE vessel arrivals has dropped noticeably, with August down by **0,57** to **5,86 days**.
 - However, blankings are set to continue, as Drewry's "*Cancelled Sailings Tracker*" remains high, currently hovering around a **12% cancellation rate**⁶.
- With recession fears, energy struggles, ongoing war, and waning new export orders are all putting downward pressure on the container market.
- Additional developments of note included **(1)** oversupply in the container industry is likely to ensue for the next few years, **(2)** and Cosco was allowed to purchase a stake in the Hamburg container terminal.

v. Local air industry

- South Africa's international air cargo volume decreased this week (**↓10%**), as domestic volumes increased by **↑7%**.
- Operationally, training on the IVS system is ongoing, as the ACSA service provider has now corrected the initial teething problems.
- The daily average volume of air cargo handled at ORTIA the previous week amounted to **502 825 kg** inbound and **320 373 kg** outbound, resulting in an average of **823 198 kg per day** or **~97%** compared with October 2021. Also, the level is currently at **~115%** compared with the same period in 2020.
- The average domestic air cargo moved last week was **~63 380 kg** per day, which is **↑7%** compared with the previous week and **~96%** compared to October 2021.

vi. International air industry

- Internationally, IATA reported that travel demand from the euro area to the US and the rest of the world had been damped due to the loss of purchasing power against the US dollar.
- Subsequently, there have been some spill-over effects to the cargo segments, as air cargo handled continues to trend lower.
- In other cargo news, **(1)** London Heathrow will remove the cap on airline operations through the gateway, and **(2)** Amsterdam Schiphol and Maastricht airports will increase cooperation to the delight of Dutch and European shippers.

⁵ Murphy, A. 30/09/2022. [Schedule reliability continues to improve in August 2022](#).

⁶ Drewry. 28/10/2022. [Cancelled Sailings Tracker - 28 Oct](#).