



**Date: 2 December 2022**

## Key Notes

- An average of **~9 133 containers** was handled per day, with **~8 300 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **1 983 containers**, **↓40%** compared to last week.
- Cross-border queue times were **↑0,7 hours**, with transit times **↓3,6 hours**, SA borders **~7,0 hours (↓8%)**.
- Global trade has significantly slowed, as the WTO "Goods Trade Barometer" currently reads **96,2 (↓3,8%)**.
- The RWI/ISL container throughput index substantially decreased by **↓3,4 to 124,2 points** in October.
- Liner schedule reliability improved by **↑6,6% (m/m) to 52%**, with average late arrivals at **5,56 days**.
- The "WCI" decreased for the **40<sup>th</sup> consecutive week**, with spot rates down **↓5% (\$120) to \$2 284** per 40ft.
- Air cargo rebounded by **↑3,5% (m/m)** growth in October but remained **↓6,2%** down from October 2021.

### i. Port operations - General

- Port operations this past week were characterised by equipment breakdowns and shortages, adverse weather conditions, backlogs, power outages, road shows and congestion.
  - The anomaly of road shows was a prominent feature in Durban this week across all shifts, while strong winds ensured significant delays in the Eastern Cape.
  - Additionally, the 'Bear Mountain Bridge' encountered technical difficulties during her voyage from Singapore to Durban, resulting in a delayed arrival date and planned initially to omit her Cape Town call, but due to problems in Durban, this was switched around, and she will now omit Durban.
  - Furthermore, TFR were once again on the receiving end of intermittent cable theft, causing minor delays on the rail corridors this week.

### ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **36%**, reefers **59%**, and empties **58%**.
- CTCT handled **~1 789 containers** a day (**↑24%**), with a decreased average of **~1 601** projected this week.
- DCT Pier 1: Stack occupancy was **33%** for GP containers with **851 imports** on hand and **105 unassigned units**.
- DCT Pier 2: Stack occupancy was **53%** for GP containers and **23%** for reefers.
- The terminal had between 79 and 86 straddles in operation throughout the week, operated by 11 gangs.
- DCT Pier 1 handled **~1 533 containers** a day (**↑5%**), with a decreased average of **~1 749** this week.
- DCT Pier 2 handled **~4 179 containers** a day (**↑13%**), with a decreased average of **~3 735** this week.
- Average TTT for DCT this week: **81 minutes (↑5%)**, with a staging time of **126 minutes (↑126%)**.
- In the last week (3 to 9 December), rail cargo handled out of Durban was reported at **1 983 containers**, down by **↓30%** from the previous week's **3 309 containers**.

### iii. Local and cross-border road:

- In the cross-border road freight industry, several regional border posts continue to experience average border crossings in excess of 24 hours, notably Kasumbalesa, Katima Mulilo, Kazungula, and Oshikango.
  - Besides the ongoing SADC reality of desperately slow crossings at many border posts, this week marks another where Beitbridge struggles with uniquely South African issues of power, water, and network issues.



- Fortunately, some positive regional news comes with the announcement that the Mchinji OSBP between Malawi & Zambia is now fully operational, which should speed up crossing times in the area.
- Last week, clearing times at South African borders remained largely unchanged and averaged **~7,0 hours (↓8%, w/w)**; however, queue times improved significantly compared to last week.
- In summary, cross-border queue time has averaged **~2,8 hours** (up by **~0,7 hours** from the previous week's **~2,1 hours**), costing the transport industry an estimated **\$6 million (R113 million)**. Furthermore, the week's average cross-border transit times hovered around **~11,6 hours** (down by **~3,6 hours** from the **~14,2 hours** recorded in the previous report), costing the transport industry **\$15 million (R271 million)**. As a result, the total cost for the week amounts to an estimated **~R384 million** (up by **~R34 million** or **↑10%** from **R350 million** in the previous report).

#### iv. Global trade and shipping industry

- Globally, merchandise trade has slowed significantly in the last quarter, as the solid post-pandemic rebound is well and truly over.
- The WTO further warns that trade growth will likely slow in the closing months of 2022 and into 2023 as the global economy continues to be buffeted by strong headwinds.
  - The current reading of the "Goods Trade Barometer" of **96,2** is well below both the baseline value for the index and the previous reading of **100,0 (↓3,8%)**, reflecting cooling demand for traded goods.
  - Although merchandise volume showed a growth return of **↑4,7%** from 2021Q2, the increase is similar to the **↑4,8%** registered in Q1.
- These realities have been plain to see in the ocean modality recently, as throughput has decreased significantly.
  - The latest *RWI/ISL*<sup>1</sup> figures showed that global port throughput decreased significantly to **120,8 points** in September (down by a massive **↓3,4** from September's revised **124,2 points**)<sup>2</sup>.
  - The decreased activity was led by a significant reduction in northern Europe, as container throughput in China remained relatively stable.
  - After recording a significant decrease in the previous month. As a result, the index for Chinese ports decreased from **130,8** to **129,8**.
  - Meanwhile, Europe's growth activity has plummeted for October – from **115,0** to **108,4**.
- Consequently, carriers have resorted to juggling schedules (Drewry's "Cancelled Sailings Tracker" puts the industry figure at **13%** this week<sup>3</sup>) as additional factors continue to drive freight rates down.
  - Fortunately, according to the latest October figures published by Sea Intelligence, global liner schedule reliability<sup>4</sup> continues its strong upward trend.
  - For the month, schedule reliability rose by a significant **↑6,6%** (m/m) to **52%**<sup>5</sup>.
  - Moreover, the average delay improved by **↓0,31 days** (m/m) to **5,56 days** in October

<sup>1</sup> Container Throughput Index of RWI – Leibniz Institute for Economic Research and the Institute for Shipping Economics and Logistics (ISL), which consists of data from 94 international ports, constituting approximately 66% of global container traffic, and includes the South African ports of Cape Town, Durban, and Ngqura.

<sup>2</sup> RWI/ISL. 30/11/2022. [RWI/ISL Container Throughput Index: Sharp decline in container throughput indicates a weak phase in the global economy.](#)

<sup>3</sup> Drewry. 02/09/2022. [Cancelled Sailings Tracker - 2 September.](#)

<sup>4</sup> Although the metric produced by Sea Intelligence provides a decent overview of the current state of liner service levels, few insights are provided in the methodology used to measure reliability. For example, is it calculated on set schedules determined when a service commences, or is it measured more flexibly considering each consecutive berthing window per port per service?

<sup>5</sup> Murphy, A. 01/12/2022. [Schedule reliability continues on an upwards trend.](#)



- This precipitous fall in freight rates – one of the major determinants of global inflation – will see bulging carrier balance sheets (which remain very healthy for now), probably wiped out by this time next year.
  - According to Alphaliner's<sup>6</sup> recent analysis, the industry, on average, reported an operating margin of **↑51,9%** for Q3, slightly down from the **↑56,3%** recorded in Q2.
  - Although still very high by conventional measures, the average profits are now the lowest in five quarters, reflecting a decline in revenues and a corresponding rise in costs.
  - As a result, the average earnings per TEU fell by **↓3%** versus the second quarter.
  - Looking immediately ahead, Alphaliner is warning carrier results could fall up to **↓70%** in the fourth quarter, with Israel's ZIM on track to log the most significant fall<sup>7</sup>.
- Further developments of note included widespread industrial action continuing, notably in the US, China, and South Korea.

#### v. Local air industry

- For airfreight, international cargo volumes remained high and increased slightly (**↑3%**, w/w), as domestic volumes are also slightly up **↑6%**.
  - Nevertheless, as widely expected, the industry did not really experience a considerable increase in volumes for the week amid the increased consumer sales over the weekend.
  - The daily average volume of air cargo handled at ORTIA the previous week amounted to **552 742kg** inbound and **328 478kg** outbound, resulting in an average of **881 220kg per day** or **~108%** compared with November 2021. Also, the level is currently at **~117%** compared with the same period in 2020.
  - The average domestic air cargo moved last week was **~70 506kg** per day, which is **↑6%** compared with the previous week and **~91%** compared to November 2021.
  - Indeed, the volume is lower than expected in terms of peak compared to the previous two years, indicating that economic activity has slowed in a climate of rising inflation, interest rates, and generally low growth.
- Internationally, the sentiment is shared, as IATA noted that headwinds in the air cargo industry persisted in October, depressed by high inflation rates in advanced economies, weak performance in the global flows of goods and services, the ongoing war in Ukraine, and the unusual strength of the US dollar.
  - The headline figure shows that industry cargo tonne-kilometres (CTKs) rebounded in October with a **↑3,5%** (m/m) growth compared with September.
  - However, despite the seemingly positive short-term movement, the annual figure elucidates the stagnate nature of air cargo, as industry CTKs are **↓6,2%** down from October 2021.

<sup>6</sup> Alphaliner. 30/11/2022. [Alphaliner](#).

<sup>7</sup> Chambers, S. 30/11/2022. [Carrier results could fall up to 70% in the fourth quarter: Alphaliner](#).