SAVINO DEL BENE®
Global Logistics and Forwarding Company

CARGO MOVEMENT UPDATE

Date: 9 December 2022

Key Notes

- An average of **~7 300 containers** was handled per day, with **~8 867 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **1 983** containers, ↓30% compared to last week.
- Cross-border queue times were **↓0,4 hours**, with transit times **↑2,3 hours**, SA borders **~8,0 hours** (**↑14%**).
- CTS container throughput (dry & reefer) is up by **↑2,2%** (m/m), down by **↓9,3%** (y/y) for October.
- Container capacity utilisation continues to decrease, as cancelled sailings remain high, this week at **14%**.
- The "*WCI*" decreased for the *41st consecutive week*, with spot rates down **↓6%** (**$145**) to **$2 139** per 40ft.
- Air cargo (chargeable weight) is down by **↓17%** (y/y) despite a slightly increased capacity (**↑2%**).
- Against trends, air cargo rates are **↓26%** (y/y), but still **↑85%** higher than pre-pandemic levels of 2019.

i. Port operations - General

- Port operations this past week were characterised by adverse weather conditions, frequent equipment breakdowns and shortages, system challenges, congestion, and road shows.
- The Eastern Cape ports experienced a relatively good week, as the most significant reported delay occurred when the Ngqura port was subject to load shedding from 16:00 to 18:00 on Wednesday. Durban kicked off Friday morning with only two tugs as one experienced electrical faults.
- Additionally, the Durban helicopter went out of commission earlier this week due to suspected water in the fuel tank. Furthermore, this week, TFR was, as usual, on the receiving end of frequent overhead power failures on the line between Johannesburg and Durban, causing minor delays.
- However, the movement of trains on the container corridor is much improved as the incidence of cable theft is declining.

ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **29%**, reefers **35%**, and empties **35%**.
- CTCT handled **~1 610** containers a day (**↓10%**), with an increased average of **~1 740** 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 **~943** containers a day (**↓38%**), with an increased average of **~1 749** this week.
- DCT Pier 2 handled **~3 533** containers a day (**↓15%**), with an increased average of **~3 793** this week.
- Average TTT for DCT this week: **60 minutes** (**↓26%**), with a staging time of **54 minutes** (**↓57%**).
- 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 market, several regional border posts continue to experience average border crossings in excess of 24 hours, including Beitbridge, Groblersbrug, Kasumbalesa, Katima/Mulilo, Oshikango, and Santa Clara.
- In addition, South African borders have experienced an increase in crossing times as the industry braces itself for the increase in passenger traffic during the festive period.

- In an attempt to deal with this, the BMA has extended the operating hours of several border crossings.
- Additional regional developments included **(1)** the adoption of Electronic Certificates of Origin in Malawi, Zambia, and eSwatini, and **(2)** clearing agent strikes in the DRC.
    - Last week, average clearing times at South African borders increased somewhat, primarily due to the increase at Beitbridge and Groblersbrug. As a result, median border crossing times averaged **~8,0 hours** (**↑14%**, w/w) for the week.
- In summary, cross-border queue time has averaged **~2,4 hours** (down by **~0,4 hours** from the previous week's **~2,8 hours**), costing the transport industry an estimated **$4 million** (**R76 million**). Furthermore, the week's average cross-border transit times hovered around **~13,9 hours** (up by **~2,3 hours** from the **~11,6 hours** recorded in the previous report), costing the transport industry **$15 million** (**R264 million**). As a result, the total cost for the week amounts to an estimated **~R340 million** (down by **~R44 million** or **↓11%** from **R384 million** in the previous report).

iv. Global shipping industry

- After a massive slump of **↓9,5%** in September, global container port throughput recovered somewhat in October, increasing by **↑2,2%** (m/m), according to CTS's latest container throughput volumes[1].
- However, despite the increase, annual figures reported are still way down on last year's levels, currently at **↓9,3%** (y/y), which provides further sobering confirmation that global goods trade is in a slump.
- Indeed, it is a sign of the times with the world's newest largest ship – the "*Ever Atop*" – sailing its maiden voyage at apparently three-quarters empty[2].
- Also, the CTS version of the price index loosely follows Drewry's assessment, with the index dropping by some **↓13,2%** this month and is substantially below the same time last year (**↓17,9%**, y/y).
- Regionally, for Sub-Saharan Africa, container throughput volume decreased somewhat in October, with exports significantly down – primarily due to the weight that South Africa carries in these volumes:
    - For October, import volumes are down by **↓2,8%** (m/m), with exports decreasing by a substantial **↓23,7%** (m/m).
    - Annual throughputs follow the trend but are less pronounced. On the import side, volumes are slightly down by **↓1,6%** (y/y), whereas exports are down by a more significant **↓10,8%** (y/y).
    - Incidentally, when comparing these figures with TNPA's published figures for October[3], South Africa only accounts for a sixth of the imports (**16,0%**) and more than two-fifths (**39,5%**) of the exports.
    - Last month, the share was more than a third of the imports (**34,4%**) and more than four-fifths (**80,7%**) of the exports, once again showing the impact of the strikes on our ability to display regional dominance.
- The massive drop in capacity deployment on the Asia-Europe trade speaks volumes about the current health of the global merchandise trade.
    - This week, another recent newcomer to the route withdrew its schedules, with analysis showing utilisation is down by **↓4,2%** since November and **↓7,2%** less than August's offer of 450 750 TEU.
    - The reality is similar across most trade lanes, with Drewry's "*Cancelled Sailings Tracker*" hovering around a **14% cancellation rate**[4] this week.

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[1] CTS. 07/12/2022. Container throughput volume and price index.
[2] Wackett, M. 06/12/2022. Sign of the times as world's largest box ship sails light on its maiden voyage.
[3] TNPA. 2022. Port Statistics.
[4] Drewry. 09/12/2022. Cancelled Sailings Tracker - 9 Dec.

  - However, some trade lanes – such as Asia – Europe – are suffering more acutely, with **25% of blank sailings** coming from this lane.
- Global container spot rates continue their slide to obscurity this week, as Drewry's *World Container Index*" decreased for a *41st consecutive week* – down by another **↓6%** (**$145**) to **$2 139** per 40-ft container this week[5].
- Although the drop in percentages remains significant compared with the previous week, the dollar value of the decrease is obviously less off a lower base.
- Further developments of note included **(1)** industrial action continues globally, and **(2)** MSC faces further D&D sanctions at the FMC.

v. Local air industry

- The South African airfreight industry experienced a slight increase – albeit not as dramatic as in pre-pandemic times – in volumes as the retailers gear up for Christmas.
  - Nevertheless, as is the case with the international market, a significant peak season is not envisaged by the market, as the industry is also influenced by the various macro-economic and political factors playing out globally.
  - Consequently, this week, international cargo volumes decreased slightly (**↓6%**, w/w), as domestic volumes are also slightly down at **↓1%**.
  - Operationally, the drive to improve security and compliance to the cargo precinct at ORTIA and Cape Town International continues with the implementation of the IVS system.
- The daily average volume of air cargo handled at ORTIA the previous week amounted to **516 754 kg** inbound and **312 064 kg** outbound, resulting in an average of **828 818 kg per day** or **~102%** compared with November 2021. Also, the level is currently at **~110%** compared with the same period in 2020.
- The average domestic air cargo moved last week was **~77 853 kg** per day, which is **↓1%** compared with the previous week and **~90%** compared to November 2021.

vi. International air industry

- Internationally, global air cargo tonnages have continued to slide downwards at the end of November and the beginning of December, with no sign of any last-minute pick-up ahead of the end-of-year holiday season.
  - The drop in volumes is despite a significant increase in available capacity, which has resulted in a massive slump in freight rates. Compared to last year, air cargo rates are way down on their usually elevated levels at this time of year and currently trading at an average of **$3,34 per kg**, as the industry continues to moderate after the massive increases experienced during the pandemic.

[5] Drewry. 01/12/2022. World Container Index - 08 Dec.