SAVINO DEL BENE®
Global Logistics and Forwarding Company

CARGO MOVEMENT UPDATE

Date: 17 February 2023

Key Notes

- An average of **~6 838 containers** was handled per day, with **~8 061 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 880** containers, ↑8% compared to last week.
- Cross-border queue times were **↑0,5 hours**, with transit times **↑3,3 hours**, SA borders **~11,2 hours** (**↑24%**).
- The reefer industry is expected to increase by **↑1,1%** in 2023, with spot rates stable at **$4 250 - $4 500**.
- Cancelled sailings have finally returned to average levels, registering a **10% cancellation rate** (**↓17%**, w/w).
- Global freight rates continue to fall, as the "*WCI*" is down by **↓2%** (**$42**) this week to **$1 955** per 40 ft.
- Air cargo has rebounded after the Lunar New Year and improved on last year's equivalent levels (↑5%).

i. Port operations - General

- Port operations were characterised by the usual suspects identified as adverse weather, frequent equipment breakdowns and shortages, delays, and congestion.
  - Weather challenges persisted in Cape Town this week as the port was windbound for approximately 40 hours.
  - The marine fleet in Durban resumed its resurgence this week as three tugs were operational at the start of the week, and six tugs were in service during the latter stages of the week.
  - Concerning TFR, a lengthy power outage at the Loliwe station, which stretched from Sunday afternoon to Monday afternoon, led to operational challenges on the rail line, while instances of cable theft occurred once more on Thursday, which ensured that three trains were cancelled as a result.
  - Furthermore, reports on Thursday morning suggested that the Eastern Cape ports are anticipated to be subject to an influx of reefer containers soon due to the current weather delays at Cape Town.

ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **26%**, reefers **59%**, and empties **61%**.
- CTCT handled **~1 175** (**↓2%**, w/w) containers a day, with an increased average of **~1 897** projected this week.
- DCT Pier 1: Stack occupancy was **55%** for GP containers, with **1 723** imports on hand and **162** unassigned units.
- DCT Pier 2: Stack occupancy was **43%** for GP containers and **44%** for reefers.
- The terminal operated with 12 gangs, which begs the question why throughput numbers remained so low throughout the week.
- DCT Pier 1 handled **~1 715** (**↑48%**, w/w) containers a day, with a decreased average of **~1 182** projected this week.
- DCT Pier 2 handled **~2 925** (**↑1%**, w/w) containers a day, with an increased average of **~3 453** projected this week.
- Average TTT for DCT this week: **56 minutes** (**↑27%**, w/w), with a staging time of **78 minutes** (**↑239%**, w/w), which is much better compared to last week.
- In the last week (11 to 17 February), rail cargo handled out of Durban was reported at **2 880** containers, up by ↑8% from the previous week's **2 655** containers.

iii. Local and cross-border road:

- South African land border crossing in the region has averaged **~11,2 hours** (**↑24%**, w/w) for the week, while the greater SADC region (excluding ex-South Africa) has averaged **~14,3 hours** (**↑12%**, w/w). Some slow movements this week were mainly due to the struggles at Kasumbalesa, where the queue reached 80 km. Other congested SADC borders this week included Katima/Mulilo (the slowest overall at **~3 days**), Milange, Nyamapanda, Oshikango, and Zobue/Mwanza, all registering average crossings in excess of 24 hours.
- In the last monitored week, the queue to Kasumbalesa reached a mammoth 80km. Some mitigating actions were taken, including ZRA checking driver documents and encouraging pre-clearance. Moreover, RTSA will introduce a card system to ascertain compliance, issue penalties to drivers' non-compliant drivers and send them to the back of the queue. These measures are encouraged by FESARTA; however, it is pointed out that the border should never have reached this deplorable state in the first place.
- In summary, cross-border queue time has averaged **~3,4 hours** (up by **~0,5 hours** from the previous week's **~2,9 hours**), indirectly costing the transport industry an estimated **$7 million** (**R121 million**). Furthermore, the week's average cross-border transit times hovered around **~13,9 hours** (up by **~3,3 hours** from the **~10,6 hours** recorded in the previous report), at an indirect cost to the transport industry of **$15 million** (**R256 million**). As a result, the total indirect cost for the week amounts to an estimated **~R378 million** (up by **~R64 million** or **↑20%** from **R314 million** in the previous report).

iv. Global shipping industry

- Much has been made of the capacity shifts among the top carriers over the last couple of months – notably, MSC overtaking Maersk at the top and their subsequent split.
  - However, there have been many changes in positions 11 to 30 – the so-called medium-sized carriers – over the past 12 months, according to Alphaliner.
  - The most significant ones are a **↓34,6%** reduction for China United Lines (CULines) and a massive **↑55,3%** increase for Emirates Shipping Line.
  - Although these changes only hold modest implications for global containerised cargo flows (the top ten carriers account for **83,7%** of the fleet), there are some important considerations for secondary trade lanes, including South Africa (such as with PIL).
- Consequently, the industry might see further shuffles in trade lane services as the rebalancing continues.
  - Incidentally, Drewry's "*Cancelled Sailings Tracker*" continues to moderate this week, as the tracker registered an approximate **10% cancellation rate**[1] (**↓17%**, w/w).
- Maersk, Hapag Lloyd, ONE and Matson have all recently reported their 4Q 2022 results with EBIT margin falling between **38 - 76%** (q/q).
  - The carriers with higher exposure to the Transpacific trade (Matson at **43%** and ONE at **36%**) have seen more significant declines in EBIT.
  - In comparison, Hapag-Lloyd's higher Transatlantic exposure (**11%** of total capacity operated) has seen it register the smallest decline in EBIT among the four carriers mentioned.
- This week, the "*World Container Index*" continued its steady downward march by another **↓2%** (**$42**) this week to **$1 955** per 40-ft container.

[1] Drewry. 17/02/2023. Cancelled Sailings Tracker - 10 February.

- Other developments include **(1)** the reefer sector showing resilience despite the downturn in market activity, **(2)** Maersk cancelling Turkish charges, and **(3)** MSC expanding outside 2M.

v. Local air industry

- Concerning air freight, weekly international (**↓3%**) and domestic (**↓14%**) volumes remained very low, although global international volumes did experience a slight uptick.
- The daily average volume of air cargo handled at ORTIA the previous week amounted to **410 018 kg** inbound and **271 144 kg** outbound, resulting in an average of **681 162 kg per day** or **~96%** compared with February 2022. Also, the level is currently at **~77%** compared with the same period pre-pandemic in 2019.
- The average domestic air cargo moved last week was **~50 671 kg** per day, which is **↓14%** compared with the previous week, but only **~65%** compared to February 2022.

vi. International air industry

- International capacity and chargeable weight have shown slight signs of recovery and are trending at higher levels than last year's corresponding period. Rates and yield are more or less similar as the market hopefully looks ahead to better times.
  - Worldwide air cargo tonnages have bounced back slightly faster this year in the initial weeks since the annual Lunar New Year holiday downturn, albeit to significantly lower tonnage and pricing levels than in early 2022, the latest preliminary figures from World ACD's analysis[2].
  - On the pricing side, global average rates recovered slightly (**↑1%**) in the two-week period, whereas a slight decrease was observed last year.
  - But prices remain well below their level before Lunar New Year (**↓7%**), similar to last year's trend.
- Figures for week 6 (6 to 12 February) show a slight decrease (**↓2%**) in worldwide tonnages compared with the previous week – which had seen a strong (**↑14%**) rebound that took tonnages back to their pre-Lunar New Year levels.
- In the two weeks following the annual Lunar New Year holiday week, the recovery has been stronger and faster this year (**↑12%**) than last year (**↑5%**), with this year's bounce back occurring within a week of the Lunar New Year holiday week ending. For Africa, capacity has increased significantly
- Other notable developments include **(1)** labour action at Germany's most prominent airports, **(2)** IT outages affecting Lufthansa cargo bookings, and **(3)** fleet expansions from Air India.

[2] World ACD. 17/02/2023. Tonnages stabilize after quick Lunar New Year recovery