



**Date: 21 April 2023**

## Key Notes

- An average of **~8 280 containers** was handled per day, with **~8 555 containers** projected for next week.
- TNPA stats for March: containers are up by **↑17%** (m/m) and **↑3%** (y/y). Unfortunately, YTD remains low: exports are **↓9%**, with imports at **↓5%**. Total bulk cargo is down by **↓14%** (m/m) and **↓11%** (y/y).
- Rail cargo handled out of Durban amounted to **2 534** containers, **↑12%** compared to last week.
- Cross-border queue times were **↓0,4 hours**, with transit times **↓1,2 hours**, SA borders **~9,0 hours (↓20%)**.
- The IMF notes that global growth will bottom out at **↑2,8%** in 2023 – rising to a modest **↑3%** next year.
- Bunker fuel is down by **↓46%** from the all-time high of **\$1 126** per ton reached on 14 June 2021.
- After bottoming out last week, the "WCI" freight rates have risen by **↑4%** (or **\$65**) to **\$1 774** per 40 ft.
- Global air cargo is down by **↓2%** (w/w), with capacity high at **↑12%** (y/y) and rates at **\$2,56/kg**.

### i. Port operations - General

- Port operations were characterised by adverse weather, continuous equipment breakdowns and shortages, load-shedding, backlogs, and congestion.
  - A much-improved week was experienced in Cape Town this week as minimal delays were reported due to adverse weather.
  - Moreover, Cape Town has now (fortunately) dropped from the first page of *Linerlytica's "Port Congestion Watch"*, as backlogs were eventually cleared and vessels at anchorage were reduced.
  - An intoxicated truck driver was involved in an incident in Durban this week, which ensured extensive delays, while two other intoxicated drivers were denied entry at the Port.
  - The Port of East London fell victim to load-shedding again this week as Eskom's stage 6 load-shedding schedule persists.
  - Additionally, multiple cable theft incidents disrupted rail operations this week, with the most significant incident causing extensive delays of between eight and ten hours on Wednesday.

### ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **44%**, reefers **30%**, and empties **65%**.
- CTCT handled **~1 666 (↓17%, w/w)** containers a day, with an increased average of **~1 892** projected this week.
- DCT Pier 1: Stack occupancy was **48%** for GP containers, with **1 359** imports on hand and **68** unassigned units. Four gangs were in operation.
- DCT Pier 2: Stack occupancy was **59%** for GP containers and **71%** for reefers.
- The terminal operated with eight gangs.
- DCT Pier 1 handled **~1 049 (↓31%, w/w)** containers a day, with an increased average of **~1 152** projected this week.
- DCT Pier 2 handled **~3 656 (↑11%, w/w)** containers a day, with a slightly decreased average of **~3 615** projected this week.
- Average TTT for DCT Pier 1 this week: **94 minutes (↑35%, w/w)**.
- Average TTT for DCT Pier 2 this week: **78 minutes (↑33%, w/w)**, with a staging time of **99 minutes (↑102%, w/w)**.
- In the last week (15 to 21 April), rail cargo handled out of Durban was reported at **2 534** containers, up by **↑12%** from the previous week's **2 257** containers.



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

- In regional cross-border road freight trade, average queue and transit times decreased slightly this week.
  - South African border times decreased again this week, averaging **~9,0 hours** (**↓20%**, w/w) for the week.
  - In contrast, the greater SADC region (excluding South Africa) decreased by around an hour, averaging **~9,8 hours** (**↓9%**, w/w). Congested SADC borders this week included Beitbridge, Kasumbalesa (the worst affected – at around **two days**), Oshikango, Santa Clara, and Zobue/Mwanza.
- Consolidated March cross-border road statistics for major borders show a general increase:
  - Beitbridge volume was significantly up (**↑10,8%** northbound and **↑11,6%** southbound) in March, as traffic seems to be returning to elevated levels after a relatively slow start. Moreover, northbound crossing times hovered around **25,5 hours** during the month (which remains too slow), with southbound crossings around **15,5 hours**.
  - Lebombo traffic increased **↑9,6%** to Mozambique, with returning volumes up during March (**↑5,3%**), as traffic continues to increase using the N4 to Maputo as an alternative to Durban. The average crossing times into Mozambique hovered around **9 hours**.
  - Groblersbrug traffic increased by **↑11,3%**, with average crossing times very slow during March, at a paltry **25 hours**.
- Further notable developments included **(1)** systems issues at Groblersbrug, Beitbridge, and Zimra's Asycuda World platform and **(2)** electricity accidents in Pretoria, causing some concerns and accompanying delays.
- In summary, cross-border queue time has averaged **~9,8 hours** (down by **~0,3 hours** from the previous week's **~10,1 hours**), indirectly costing the transport industry an estimated **\$18 million (R310 million)**. Furthermore, the week's average cross-border transit times hovered around **~9,6 hours** (down by **~1,2 hours** from the **~10,8 hours** recorded in the previous report), at an indirect cost to the transport industry of **\$12 million (R204 million)**. As a result, the total indirect cost for the week amounts to an estimated **~R514 million** (up by **~R8 million** or **↓2%** from **R522 million** in the previous report).

**iv. Global Economy – IMF April update**

- This week, the IMF released its latest growth forecasts for April, noting that global growth will bottom out at **↑2,8%** in 2023 – rising to a modest **↑3%** next year (downwardly revised by **↓0,1%** since January)<sup>1</sup>.
  - The global economy's gradual recovery from the pandemic and Russia's invasion of Ukraine remains on track.
  - Simultaneously, most central banks' tightening of strict and well-coordinated monetary policy should start to bear fruit, with inflation moving back towards targets.
  - On the other hand, South Africa was surprised this week, as the CPI rose to **↑7,1%** in March, with food inflation at an eye-watering 14-year high in March of **↑14,4%**<sup>2</sup>.
  - Despite a **↓0,5%** downward revision, many emerging market and developing economies are picking up, with year-end-to-year-end growth accelerating to **↑4,5%** in 2023 from **↑2,8%** in 2022.

<sup>1</sup> IMF. 11/04/2023. [Global Economic Recovery Endures but the Road Is Getting Rocky](#).

<sup>2</sup> Stats SA. 19/04/2023. [Consumer Price Index – March 2023](#).



- Unfortunately, South Africa is not grouped as one of them, with the IMF predicting a mere **↑0,1%** growth in 2023, with a trivial improvement of **↑1,8%** forecasted for 2024.

**v. Global shipping industry**

- The ongoing bunker fuel prices add to the improved sentiment in the global shipping industry. The price of ship fuel is now down to around half the post-Ukraine-invasion peak.
  - The average price of VLSFO at the top 20 marine fuel this month, **↓46%** from the all-time high of **\$1 126** per ton, reached in June 2021.
  - VLSFO pricing is back to where it was in October 2021. The average price for HSFO is currently at **\$476 per ton**, down by **↓38%** from the May 2022 post-invasion high and back to September 2021 levels.
- After a long and much-needed descent, container rates have ostensibly turned the tables. After last week's bottoming out, the "*World Container Index*" increased by **↑4%** (or **\$65**) w/w to **\$1 774** per 40-ft container.
  - Despite the increase, the composite index is still down by **↓77%** (y/y) versus last year, **↓83%** below the peak in September 2021 and **↓34%** lower than the 10-year average of **\$2 688**.
- In the coming weeks, carriers' discipline will be tested to see if the higher rates would hold<sup>3</sup>, especially in improved conditions.
  - For the last week, Drewry's "*Cancelled Sailings Tracker*" again remains at an **8% cancellation rate**<sup>4</sup>, which means that capacity continues to be stable.
- However, despite the current reality, port congestion has increased significantly by **↑18%** (w/w) to **2,05 million TEU**. Cape Town has now (fortunately) dropped from the first page of *Linerlytica's "Port Congestion Watch"*, with the most congested ports this week mostly in Asia (Shanghai/Ningbo, Qingdao, Singapore) and Piraeus in Greece.

**vi. Local air industry**

- In the air freight market, weekly international cargo volumes dropped somewhat (**↓11%**), as did domestic volumes (**↓6%**).
- The daily average volume of air cargo handled at ORTIA the previous week amounted to **384 647kg** inbound and **286 734 kg** outbound, resulting in an average of **671 381 kg per day** or **~90%** compared with March 2022. However, the level is currently at **~69%** compared with the same period pre-pandemic in 2019.
- The average domestic air cargo moved last week was **~45 260 kg** per day, which is down by **↓6%** compared to the previous week and slightly down compared to last year (**~88%**).
- Operationally, several issues remain in and around the ORTIA airport and cargo precinct, most notably **(1)** the functioning of the IVS system, **(2)** the desperate need for a contingency plan in case of a total grid collapse, and **(3)** a required amendment of the age restriction at the cargo precinct to be aligned with the Basic Conditions of Employment Act.

**vii. International air industry**

- Internationally, the air cargo narrative remains much the same, with volumes low after a languid start to the year.
  - However, some signs of green shoots are evident, with order volumes finally gaining momentum.

<sup>3</sup> Linerlytica. 18/04/2023. [Market Pulse – Week 16](#).

<sup>4</sup> Drewry. 14/04/2023. [Cancelled Sailings Tracker - 21 April](#).



- Nevertheless, the past six months have seen low trade activity – leaving fragility in air freight markets.
- Figures for week 15 (10 to 16 April) show a continuation of the decreasing trend in air cargo tonnages observed since mid-March but with a weekly drop of just **↓2%** compared to an **↓8%** decline reported in week 14.
- Meanwhile, average global air cargo prices declined with a further **↓2%** (w/w) drop.
- Annually, capacity increases remain robust at **↑12%** globally, with volume down by **↓2%** and average rates trending at **\$2,56 per kg**.