SAVINO DEL BENE®
Global Logistics and Forwarding Company

CARGO MOVEMENT UPDATE

Date: 19 May 2023

Key Notes

- An average of **~6 990 containers** was handled per day, with **~8 620 containers** projected for next week.
- TNPA stats for April: containers are down by ↓**12%** (m/m) but up by ↑**3%** (y/y). YTD volume remains low: TEU exports are ↓**4,9%**, with imports at ↓**9,0%**. Total bulk cargo is down by ↓**9%** (m/m) and ↓**5%** (y/y).
- Rail cargo handled out of Durban amounted to **1 246** containers, ↓**42%** compared to last week.
- Cross-border queue times were **↑0,5 hours**, with transit times **↓0,1 hours**, SA borders **~12,5 hours** (**↑52%**).
- Global port congestion remains relatively low (**7,2%** of the fleet), with blank sailings at only **3%** this week.
- Global container rates fell by the same magnitude as last week (by **↓1%,** or **$21** to **$1 720** per 40 ft).
- Air cargo has only partially recovered from the drop in the first week of May – up **↑7%** this week.

i. Port operations - General

- Adverse weather, all-too-frequent equipment breakdowns and shortages, load-shedding, roadshows, and congestion typified port operations.
  - The main operational challenges at the Port of Cape Town arose at the start of the week as the port went windbound for almost a day.
  - Over the weekend and leading into the early stages of the week, DCTs Pier 1 implemented a tiered cargo evacuation approach which facilitates cargo evacuation without the need for a booking slot to be made.
  - Additionally, the Port of Richards Bay implemented its booking system to facilitate direct communication between the mines and the respective terminals to improve the congestion at the port.
  - Furthermore, the dire cable theft and vandalism on our rail network continued as more expensive and serious incidents occurred throughout the week.

ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **32%**, reefers **60%**, and empties **52%**.
- CTCT handled **~1 346** (**↓22%**, w/w) containers a day, with an increased average of **~2 310** projected this week.
- DCT Pier 1: Stack occupancy was **55%** for GP containers, with **1 600** imports on hand.
- DCT Pier 2: Stack occupancy was **61%** for GP containers and **62%** for reefers, with **29%** of reefer plug points utilised.
- DCT Pier 1 handled **~956** (**↑0%**, w/w) containers a day, with an increased average of **~1 215** projected this week.
- DCT Pier 2 handled **~3 262** (**↓18%**, w/w) containers a day, with a decreased average of **~3 707** projected this week.
- Average TTT for DCT Pier 1 this week: **101 minutes** (**↑1%**, w/w).
- Average TTT for DCT Pier 2 this week: **87 minutes** (**↓7%**, w/w), with a staging time of **156 minutes** (**↑18%**, w/w).
- In the last week (13 to 19 May), rail cargo handled out of Durban was reported at **1 246** containers, down by ↓**42%** from the previous week's **2 147** containers.

iii. Local and cross-border road:

FESARTA has shared the consolidated cross-border road freight statistics for our major borders for April:

- Beitbridge volume was relatively stable and slightly decreased by **↓3,2%** compared to March (**↑1,6%** northbound and **↓8,5%** southbound), with around **24 000** heavy goods vehicles (HGVs) flowing through the gates. Northbound crossing times increased and averaged around **33 hours** during the month (which remains way too slow), with southbound crossings around **13 hours**.
- Lebombo traffic remains elevated but decreased by **↓0,8%** to **52 247** HGVs between Mozambique and South Africa. Eastbound traffic was down by **↓1%**, with Westbound increasing by **↑3,7%**. The average crossing times into Mozambique hovered around **8 hours**. Unfortunately, the status quo remains, as queues at Lebombo in recent months have become a serious issue with little to no police oversight. Consequently, the industry has seen many instances of queue jumping, with little regard for fellow drivers or the law.
- Groblersbrug traffic decreased by **↓8,2%** to 10 891 HGVs in April, with average crossing times quite slow, at a paltry **21 hours**.

This week, the following points should be noted in terms of challenges and delays on roads in South Africa and the surroundings in the SADC region.

- This week, the median border crossing times at South African borders increased significantly and averaged **~12,5 hours** (**↑52%**,w/w) for the week. In contrast, the greater SADC region (excluding South African borders) decreased by around an hour, averaging **~12,2 hours** (**↓7%**, w/w).
- Beitbridge experiences some network issues again, as the voltage regulators procured cannot be installed quickly enough.
- On a separate matter, Zimborders has said that basic goods trade will now be exempt from import licences, duties, and taxes to assist in curbing the current elevated inflation.
- The ongoing constraints leading northbound to the Kasumbalesa border – with queues up to 70 km – have unfortunately resulted in the death of a driver due to malaria complications.
- Elsewhere, drivers transporting copper and cobalt must have their loads scanned on the outskirts of Kolwezi. The practice used to be only for timber.
- Scanning fees of $100 a load are charged, with a $30 parking fee regardless of the time spent in the parking lot.
- These types of NTBs severely hamper cross-border regional trade and are nowhere near aligned with the dreams of the AfCFTA.

- In summary, cross-border queue time has averaged **~11,5 hours** (up by **~0,5 hours** from the previous week's **~11 hours**), indirectly costing the transport industry an estimated **$22 million** (**R370 million**). Furthermore, the week's average cross-border transit times hovered around **~12,3 hours** (down by **~0,1 hours** from the **~12,4 hours** recorded in the previous report), at an indirect cost to the transport industry of **$16 million** (**R281 million**). As a result, the total indirect cost for the week amounts to an estimated **~R664 million** (up by **~R601 million** or **↑10%** from **R603 million** in the previous report).

iv. Global supply chains and shipping industry

- The GEP "*Global Supply Chain Volatility Index*" – a leading supply chain movement indicator – shows that global supply chain capacity is underutilised for the first time since June 2020, indicating a shift to a buyers' market.
  - Following inventory drawdowns (which are still ongoing) and ten months of depressed global demand, the GEP GSCVI fell below zero in April to **-0,04**, from **0,32** in March, a striking contrast from the picture a year ago when GEP's index stood at **4,61**, one of the highest levels of volatility in the 20 years of data:

- Overcapacity continues to pose the biggest challenge to a freight rate recovery, according to Linerlytica, as the weakening freight rates have not deterred carriers from adding more capacity[1].
    - The charter market is rapidly running out of open tonnage, and the idle fleet has dropped to just **1%** of the total fleet for the first time since October 2022.
    - Moreover, the increased volume of the containerised industry shows in the utilisation figures, as Drewry's "*Cancelled Sailings Tracker*" is once again very low this week, coming to a mere **3% cancellation rate**[2] (no change, w/w).
- Global port congestion is relatively low (**1,88 million TEU**, **↑17%**, w/w[3]), we are seeing much more stable flows compared to any other time during the last three years.
- For freight rates, carriers failed to push ahead with the mid-May general rate increase, with transpacific and Asia-Europe rates still slipping amidst an increase in vessel capacity on both trade lanes[4].
    - Over the short-term, the "*World Container Index*" decreased again this week, albeit only slightly, by **↓1%** (or **$21**) to **$1 720** per 40-ft container.
    - This level is exactly the same as the average rate quoted at the end of March. Indeed, the index has hovered between **$1 709** and **$1 774** for ten weeks now, indicating a clear stabilisation.
- Other developments included **(1)** MSC is the first carrier to reach a fleet size of five million TEU slot, **(2)** cyclone disrupts sea and airport operations in Bangladesh and Myanmar, and **(3)** benefits of slow-steaming on emissions exaggerated.

v. Local air industry

- The daily average volume of air cargo handled at ORTIA the previous week amounted to **374 879 kg** inbound and **294 469 kg** outbound, resulting in an average of **669 348 kg per day** or **~87%** compared with April 2022.
    - However, the level is currently at only **~71%** compared with the same period pre-pandemic in 2019.
    - There has been a notable change in air cargo flows, with inbound down by **↓20%** and outbound up by **↑14%** (evident in the trend line below).
    - The annual change aligns with the ongoing currency depreciation, as the ZAR has lost nearly **20%** of its value against the US dollar in the last 12 months.
- The average domestic air cargo moved last week was **~58 642 kg** per day, which is down by **↑23%** compared to the previous week but remains down compared to last year (**~103%**).

vi. International air industry

- The demand for air cargo in Q1 2023, measured by cargo tonne-kilometres (CTKs), remained below the levels seen in the same period in 2022 and is currently down by **↓8,1%** (y/y, seasonally adjusted).
- The latest high-frequency World ACD numbers show that global air cargo tonnages have partially bounced back after dropping sharply in the first week of May due to many countries' 1 May public holidays[5].
    - However, despite the slight increase, tonnages remain below the equivalent period last year (**↓6%**).

---

[1] Linerlytica. 16/05/2023. Market Pulse – Week 20.
[2] Drewry. 19/05/2023. Cancelled Sailings Tracker - 19 May.
[3] Linerlytica. 16/05/2023. Market Pulse – Week 20.
[4] Linerlytica. 16/05/2023. Market Pulse – Week 20.
[5] World ACD. 19/05/2023. Demand partly bounces back after early May seasonal dip.

- Figures for week 19 (8 to 14 May) show an increase of **↑7%** in tonnages and **↑1%** in average global air cargo prices, week on week, with tonnages only partially recovering from the **↓11%** drop in the first week of May.