



**Date: 28 April 2023**

## Key Notes

- An average of **~8 088 containers** was handled per day, with **~9 514 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 315 containers**, **↓9%** compared to last week.
- "Land Transport Survey" for February show that the payload increased by **↑7,7%** (y/y). Road/Rail at **85/15**.
- Cross-border queue times were **↑0,1 hours**, with transit times **↑1,6 hours**, SA borders **~11,7 hours (↑30%)**.
- Global container throughput dropped by a significant **↑1,2%** in February (against a predicted **↓5,6%**).
- Global container freight rates per the "WCI" have fallen by **↓2%** (or **\$34**) to **\$1 740** per 40 ft.
- Global air cargo tonnages decreased by **↓5%**, and average worldwide rates decreased by **↓3%**.

### i. Port operations - General

- Again, smooth port operations were hampered due to adverse weather, all-too-frequent equipment breakdowns and shortages, load-shedding, long-service awards, roadshows, and congestion.
  - Backlogs at the Port of Cape Town have primarily been cleared, with vessels berthing upon arrival when the weather allows it.
  - The Port of Durban hosted its "long-service awards" on Wednesday, which delayed operations at the port. At the same time, the crane situation at Pier 2 again created concerns across the industry this week as only two cranes were operational.
  - On Wednesday, roadshows were planned and executed across all shifts while a tug and a crane at the Port of East London went out of commission.
  - Cable theft incidents continued this week, with the most notable incidents occurring on several sections of the ConCor line.
  - Finally, DCTs Pier 1 will be operational on Monday, 01 May 2023, while Pier 2 is still seeking volunteers to assist with operations at the terminal.

### ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **46%**, reefers **24%**, and empties **49%**.
- CTCT handled **~1 532 (↓8%, w/w)** containers a day, with an increased average of **~1 792** projected this week.
- DCT Pier 1: Stack occupancy was **67%** for GP containers, with **2 195** imports on hand and **168** 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 **~1 039 (↓1%, w/w)** containers a day, with an increased average of **~1 839** projected this week.
- DCT Pier 2 handled **~3 640 (↑0,1%, w/w)** containers a day, with a slightly increased average of **~3 659** projected this week.
- Average TTT for DCT Pier 1 this week: **69 minutes (↓26%, w/w)**.
- Average TTT for DCT Pier 2 this week: **86 minutes (↑11%, w/w)**, with a staging time of **110 minutes (↑11%, w/w)**.
- In the last week (22 to 28 April), rail cargo handled out of Durban was reported at **2 315** containers, down by **↓9%** from the previous week's **2 534** containers.



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

- In regional cross-border road freight trade, average queue and transit times increased across the board this week.
  - South African border times increased significantly this week, averaging **~11,7 hours (↑30%, w/w)** for the week.
  - In contrast, the greater SADC region (excluding South Africa) decreased by around an hour, averaging **~11,0 hours (↑12%, w/w)**.
- Crossings into South Africa via Beitbridge from the Zimbabwe side are running well despite some incidents with boom gates not operating.
  - Furthermore, the recent systems issues continue to result in delays, as power surges have been listed as the culprit. Zimborders have procured surge protectors, which, once installed, should fix the said issues by June/July.
  - Lastly, issues at the Container Depot continue to plague smooth border flows.
- Regionally, queue time at Kasumbalesa remains a significant concern, as the worst 5% of crossing times indicate that it takes some transporters more than 12 days to cross into the DRC.
- In summary, cross-border queue time has averaged **~9,8 hours** (up by **~0,1 hours** from the previous week's **~9,8 hours**), indirectly costing the transport industry an estimated **\$18 million (R314 million)**. Furthermore, the week's average cross-border transit times hovered around **~11,2 hours** (up by **~1,6 hours** from the **~9,6 hours** recorded in the previous report), at an indirect cost to the transport industry of **\$13 million (R221 million)**. As a result, the total indirect cost for the week amounts to an estimated **~R534 million** (up by **~R20 million** or **↑4%** from **R514 million** in the previous report).

**iv. Global shipping industry**

- In the latest "*Ports and Multi-purpose shipping forecaster*" report<sup>1</sup>, the headline trends show that for the whole year of 2022, containers and dry bulk were slightly down, whereas other cargoes' level was steady.
- Looking ahead, the MPV market demand appears to be stuck at very low demand, with the expectation of a **1-2%** increase for 2023, given the negative macroeconomic trends.
- Global container throughput rose by **↑1,2%** in February, according to the latest figures provided by Drewry's "*Container Port Throughput*"<sup>2</sup>.
  - This change is in stark contrast against a predicted **↓5,6%** decline for February, showing that container throughput has bounced back after a languid start to the year.
  - The result also indicates the level of attention one can give to these predictions. The index follows previous indices, notably the *RWI/ISL*<sup>3</sup> index, which was up by **↑4,3%** in February.
- Drewry's "*Cancelled Sailings Tracker*" again remains at an **8% cancellation rate**<sup>4</sup>, which means that capacity continues to be stable.
- Port congestion has also moderated, with global congestion down by (**↓5%, w/w**) to **1,95 million TEU**.
- After the first increase in a long while last week, the "*World Container Index*" decreased again this week. The "*WCI*" fell by **↓2%** (or **\$34**) to **\$1 740** per 40-ft container, as indications show that there is still some room for shippers to manoeuvre with freight rates yet to reach the bottom.

<sup>1</sup> Drewry. 24/04/2023. [Multipurpose and Heavy Lift shipping market outlook - April 2023](#).

<sup>2</sup> Drewry. 24/04/2023. [Global Container Port Throughput Index – 24 April](#).

<sup>3</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. Drewry's index is, though, much more comprehensive and contains over 340 ports.

<sup>4</sup> Drewry. 28/04/2023. [Cancelled Sailings Tracker - 21 April](#).



- This reality – coupled with the added capacity amid weak demand – will mean that the financial bumper period has most definitely expired.
- In a webinar last week, Drewry expects the container shipping industry to report a **\$10 billion loss** in 2024.
- It is an astonishing comedown from the before-tax profit of **\$296 billion** reported by carriers in 2022 and the **\$16,5 billion profit** expected from the industry this year.
- The estimate comes as many contractual terms have been finalised at significantly lower rates, and a flood of new ships results in effective capacity growth of **↑25%**<sup>5</sup>.

**v. Local air industry**

- Air cargo continues to trend lower than cyclical norms, as international volume is down by **3%** this week, with domestic cargo significantly up (**↑25%**), but still lower than long-term trends.
- The daily average volume of air cargo handled at ORTIA the previous week amounted to **386 185 kg** inbound and **265 680 kg** outbound, resulting in an average of **651 865kg per day** or **~88%** compared with April 2022. However, the level is currently at **~67%** compared with the same period pre-pandemic in 2019.
- The average domestic air cargo moved last week was **~56 558 kg** per day, which is up by **↑25%** compared to the previous week and slightly up compared to last year (**~110%**).

**vi. International air industry**

- Internationally, air connectivity is close to the pre-pandemic levels, as air cargo tonnages and average rates have almost stabilised since mid-April after declining significantly for several weeks.
  - However, the latest figures show that overall tonnages decreased by **↓5%** versus their combined total in the last two weeks.
  - In addition, the average worldwide rates decreased by **↓3%** (currently at **\$2,56 per kg**), with stable capacity.

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<sup>5</sup> Drewry. 25/04/2023. [Drewry Maritime Research Webinar](#).