SAVINO DEL BENE®
Global Logistics and Forwarding Company

CARGO MOVEMENT UPDATE

Date: 25 August 2023

Key Notes

- An average of **~8 198 containers** was handled per day, with **~8 901 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 337** containers, ↑5% compared to last week.
- Cross-border queue times were **↑1,7 hours** (w/w), with transit times **↓2,5 hours** (w/w); SA borders decreased by **2,5 hours**, averaging **~10,2 hours** (**↓20%**); Other SADC borders averaged **~7,8 hours** (**↓24%**).
- The "*Global Port Throughput Index*" will have fallen **↓4,3%** (m/m) in July 2023 to **106,1 points**.
- Global freight rates decreased by **↓3,5%** (or **$64**) to **$1 768** per 40-ft container, as GRIs will likely end.
- Global air cargo volumes have accelerated their decline (**↓5%**) as rates remain stable at **$2,29 per kg**.

i. Port operations - General

- Port operations were characterised by inclement weather conditions, frequent equipment breakdowns and shortages, load-shedding, and congestion.
  - Earlier this week, one of the shore tensioning units in Cape Town fell in the water and prevented the Luanda Express from sailing, while the Santa Clara lost the entire Tuesday due to vessel ranging.
  - Customers were unsatisfied with the productivity levels at DCTs Pier 2 this week as low straddle carrier availability persisted for most of the week.
  - The latest reports suggest that the shore tensioner and the Mooring master at NCT are both in operation at berths D100 and 101, respectively.
  - Industry concerns regarding the Richards Bay helicopter's workload were justified this week as the aircraft went out of commission with no estimated time of return available.
  - Furthermore, intermittent overhead power failures disrupted operations on the container corridor towards the latter end of the week, while intermittent cable theft occurred again around the Pretoria area.

ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **27%**, reefers at **74%**, and empties at **35%**.
- CTCT handled **~870** (**↓23%**, w/w) containers a day, with an increased average of **~1 542** projected this week.
- DCT Pier 1: Stack occupancy was **47%** for GP containers and **30%** for reefers, with **1 053** imports on hand.
- DCT Pier 2: Stack occupancy was **54%** for GP containers and **34%** for reefers, with **47%** of reefer plug points utilised.
- DCT Pier 1 handled **~1 164** (**↑6%**, w/w) containers a day, with an increased average of **~1 587** projected this week.
- DCT Pier 2 handled **~3 930** (**↑8%**, w/w) containers a day, with an increased average of **~3 197** projected this week.
- Average TTT for DCT Pier 1 this week: **89 minutes** (**↑2%**, w/w), with a staging time of **61 minutes**.
- Average TTT for DCT Pier 2 this week: **108 minutes** (**↑28%**, w/w), with a staging time of **140 minutes**.
- In the last week (*19 to 25 August*), rail cargo handled out of Durban was reported at **2 337** containers, down ↑5% from the previous week's **2 226** containers.

iii. Local and cross-border road:

- The median border crossing times at South African controlled borders decreased by **two-and-a-half hours**, averaging **~10,2 hours** (**↓20%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) decreased by the same magnitude – **around two-and-a-half hours** – and averaged **~7,8 hours** (**↓24%**, w/w).
- Lebombo Transporters report increased queues from Hectorspruit to Malalane due to new procedures, and they seek a return to the previous setup.
- Civil unrest led to road closures at Groot Marico and Elandshoek, as well as the closure of the road to Schoemanskloof.
- Reports on Monday revealed a stay-away at Nakonde, with demands including the need for more officials in Zambia at Nakonde.
- Last week, three foreign nationals (two from Botswana and one from Zimbabwe) were arrested at Ngwasha Veterinary Gate. They had 40 stowaways in their truck's trailer while in transit from Ethiopia to South Africa.
- In summary, cross-border queue time averaged **~15,6 hours** (up by **~1,7 hours** from the previous week's **~13,9 hours**), indirectly costing the transport industry an estimated **$39,4 million** (**R734 million**). Furthermore, the week's average cross-border transit times hovered around **~8,1 hours** (down by **~2,5 hours** from the **~10,6 hours** recorded in the previous report), at an indirect cost to the transport industry of **$11,1 million** (**R207 million**). As a result, the total indirect cost for the week amounts to an estimated **~$50,5 million** (**R941 million**, down by **~R22 million** or **↓3,9%** from **R979 million** in the previous report).

iv. Global shipping industry

- The *Nowcast Model* indicates that the "*Global Port Throughput Index*" will have fallen **↓4,3%** (m/m) in July 2023 to **106,1 points**.
    - The index rose by **↑2,4%** in June due to increased volumes in Greater China, Asia (excluding China), the Middle East, South Asia, Africa, and Europe.
    - The Greater China Container Port Throughput Index surged by **↑5,2%** to **117,6 points**, with Shanghai and Ningbo showing positive growth.
    - North American index decreased by **↓0,9%**, affecting both West and East Coast ports. The European index rose **↑0,4%** but remained **↓5,1%** below last year.
    - Lastly, Africa is up by **↑5,2%** to **110,2 points**.
- Market sentiment in the global container industry turned as carrier attempts to sustain recent rate hikes faltered, evident in the slight decline this week.
    - Global freight rates fell for the first time since early July, which might suggest that the peak season (albeit very subdued) is nearing an end.
    - The "*World Container Index*" decreased by **↓3,5%** (or **$64**) to **$1 768** per 40-ft container this week[1].
- As long as ship deliveries and low levels of blankings persist, the market will remain in favour of shippers – and we are unlikely to witness average freight rates of more than the **$2 000-mark**.
- This setback weakens carriers' position for upcoming general rate increases (GRI) in September, aggravated by absent capacity management, with blankings not strong enough (currently still trending

[1] Drewry. 17/08/2023. World Container Index – 17 August 2023.

at around a **5% cancellation rate**[2] according to the latest assessment by Drewry's "*Cancelled Sailings Tracker*").

- Despite ongoing ship deliveries, the idle fleet remains low (around **0,4%** of total capacity) – as does port congestion, currently affecting **1,49 million TEU** of the global fleet[3].
- Other developments included **(1)** Korean industry groups slamming Hapag-Lloyd's bid for HMM and **(2)** Panama Canal challenges persisting.

v. Local air industry

- The daily average volume of air cargo handled at ORTIA the previous week amounted to **443 862 kg** inbound (**↓6%**, w/w) and **256 913 kg** outbound (**↑9%**), resulting in an average of **700 775 kg per day** or roughly the same (**~99,9%**) compared with August 2022.
    - However, the level is currently at only **~71%** compared with the same period pre-pandemic in 2019.
    - For Cape Town and Durban, international cargo handled in July is down by **↓11,1%** (m/m) in Cape Town and up by **↑17,6%** (m/m), while Johannesburg was up by **↑1,6%** (m/m), and carried the bulk of international air cargo at some **85%** of the total in July.
- The average domestic air cargo moved last week was **~41 622 kg** per day, up by **↑3%** compared to the previous week and remains slightly down compared to last year's level (**~70%**).
    - However, the level is currently at *only* **~46%** compared with the same period pre-pandemic in 2019.

vi. International air industry

- The decreasing trend in global tonnages accelerated in the second full week of August, mainly driven by Europe during its holiday season.
    - However, rates remained stable or were even slightly positive, according to the latest figures from World ACD.
    - Figures for week 33 show a **↓5%** drop in tonnages compared with the previous week, while average worldwide air cargo prices remained stable at **$2,29 per kg**.
    - When comparing the activity in weeks 32 and 33 with the preceding two weeks (2w/2w), overall tonnages dropped by **↓5%** versus their combined total in weeks 30 and 31, while worldwide rates went up slightly (**↑1%**), and capacity was slightly down (**↓1%**).

[2] Drewry. 04/08/2023. Cancelled Sailings Tracker - 25 August.
[3] Linerlytica. 23/08/2023. Port congestion.