



Date: 28 July 2023

Key Notes

- An average of **~8 512 containers** was handled per day, with **~9 161 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 401** containers, **↑6%** compared to last week.
- The latest Ctrack "*Transport Freight Index*" increased by **↑0,4%** end-May (m/m) and is also **↑7,5%** (y/y).
- "*Land Transport Survey*" for May shows that the payload decreased by **↓0,3%** (y/y)—road/rail at **85/15**.
- Cross-border queue times were **↓0,4 hours** (w/w), with transit times **↓2,4 hours** (w/w); SA borders were almost unchanged, averaging **~10,6 hours** (**↑1%**); Other SADC borders averaged **~11,5 hours** (**↓20%**).
- IMF revised global growth upwardly by **↑0,2%** to **↑3%**; SA is also up by **↑0,2%** to **↑0,3%** in 2023.
- Global freight rates followed last week's trend and increased by **↑2,5%** (or **\$39**) to **\$1 576** per 40ft.
- Global air cargo tonnages slightly decreased (**↓1%**, w/w), with rates slightly down to **\$2,28 per kg**.

i. Port operations - General

- Port operations this week were typified by adverse weather, persistent equipment breakdowns and shortages, congestion, and load-shedding.
- The most prominent delays experienced in Cape Town this week can be attributed to severe vessel ranging and RTG breakdowns, significantly impacting operations.
- Marine resources at the Port of Durban returned to a full complement of five tugs for most of the week while the port helicopter remained out of commission.
- According to industry reports, the "*Ruby Ace*" has been at berth for approximately five days this week.
- TPT states that this prolonged stay could be attributed to a shortage of resources, congestion, and the late arrival of cargo.
- Additionally, the liquified natural gas (LNG) project for the Port of Richards Bay reached a significant milestone with TNPA this week as they are sourcing a supplier to develop the port common-user infrastructure required to support the LNG terminal.
- Furthermore, after consecutive weeks of favourable rail activity, intermittent cable theft and power failures returned towards the latter end of the week, resulting in operational disruptions on the rail network.

ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **35%**, reefers at **32%**, and empties at **48%**.
- CTCT handled **~1 964** (**↑25%**, w/w) containers a day, with a decreased average of **~1 418** projected this week.
- DCT Pier 1: Stack occupancy was **44%** for GP containers and **64%** for reefers, with **1 069** imports on hand.
- DCT Pier 2: Stack occupancy was **60%** for GP containers and **52%** for reefers, with **77%** of reefer plug points utilised.
- DCT Pier 1 handled **~1 451** (**↓34%**, w/w) containers a day, with an increased average of **~1 557** projected this week.
- DCT Pier 2 handled **~3 228** (**↓6%**, w/w) containers a day, with a decreased average of **~4 109** projected this week.
- Average TTT for DCT Pier 1 this week: **81 minutes** (**↓18%**, w/w), with a staging time of **44 minutes**.
- Average TTT for DCT Pier 2 this week: **58 minutes** (**↓27%**, w/w), with a staging time of **80 minutes**.



- In the last week (15 to 21 July), rail cargo handled out of Durban was reported at **2 401** containers, down by **↑6%** from the previous week's **2 471** containers.

iii. National update

- In the latest Ctrack "*Transport and Freight Index*" (TFI) for the end of May, published last week¹, the South African logistics sector shows continued recovery and growth, as the TFI reached its highest level since August 2022 at **122,2 points** (improving on the **121,7 points** for April).
 - Consequently, the index increased by a notable **↑0,4%**, the fifth consecutive monthly increase, reflecting sustained growth in the transport and freight industry.
- In the latest Stats SA "*Land Transport Survey*" for May, published on Monday², the headline figure indicates that the volume of goods transported (payload) decreased by **↓0,3%** (y/y) in May 2023. The corresponding income increased by **↑2,2%** over the same period.
 - Seasonally adjusted payload increased by **↑6,8%** in the three months ended May 2023 compared with the previous three months.

iv. Local and cross-border road:

- The median border crossing times at South African controlled borders were almost unchanged, averaging **~10,6 hours (↑1%,w/w)** for the week. In contrast, the greater SADC region (excluding South African controlled) decreased significantly by **two and a half hours** and averaged **~11,5 hours (↓20%, w/w)**.
- SARS EDI message hold-ups are yet to be fully resolved, as some delays were reported by transporters in the last week.
 - The systems are mostly running smoothly, with minor hiccups still experienced.
- Crossing at the Lebombo border post is set to increase further into the weekend, with reports of 25-30km queues on Friday. This is an extremely concerning development caused as it is by Richards Bay's inability to handle normal volumes of bulk mineral exports, resulting in a build-up of pressure on the N4 corridor to Maputo to a level that it cannot handle, even at peak efficiency.
 - A month-high **1 929 HGVs** crossed into Mozambique on Tuesday.
 - Wednesday volumes were down by **↓300-400 trucks**, as varying reports list the primary cause as OGAs and/or the Richards Bay shut down by Transnet.
 - The matter will be closely monitored over the weekend.
- Regionally, transporters have reported dubious Zambian police stops, as FESARTA has urged trucks that may have an actual fine for this to please come forward.
- Lastly, the need for harmonisation, aligned regulatory procedures and frameworks, and collaboration between transporters, agents, and customs (including OGAs) have been highlighted in industry engagements this week.
- In summary, cross-border queue time averaged **~11,1 hours** (down by **~0,4 hours** from the previous week's **~11,5 hours**), indirectly costing the transport industry an estimated **\$30 million (R524 million)**. Furthermore, the week's average cross-border transit times hovered around **~11,4 hours** (down by **~2,4 hours** from the **~13,8 hours** recorded in the previous report), at an indirect cost to the transport industry of **\$13 million (R229 million)**. As a result, the total indirect cost for the week amounts to an estimated **~R753 million** (down by **~R46 million** or **↓6,3%** from **R799 million** in the previous report).

¹ Ctrack. 17/07/2023. [The South African logistics sector continued its recovery during May.](#)

² Stats SA. 24/07/2023. [SA land transport survey – May 2023.](#)

**v. World economic outlook**

- The global economy is showing signs of gradual recovery from the pandemic and Russia's invasion of Ukraine, according to the latest "*World Economic Outlook (WEO)*" by the IMF for July³.
 - Under the baseline forecast, growth is expected to slow from last year's **↑3,5%** to **↑3%** this year (revised upward by **↑0,2%** since the April 2023 WEO) and the next, with a concentration of the slowdown in advanced economies.
 - Inflation is projected to decline from **8,7%** last year to **6,8%** this year and to **5,2%** in 2024.
- In South Africa, growth is expected to decline to **↑0,3%** in 2023, with the decline reflecting power shortages.
 - However, the forecast has been revised by **↑0,2%** since the April 2023 WEO on account of resilience in services activity in the first quarter.
 - The outlook is somewhat more optimistic than the SARB's growth figures of **↓0,1%** (revised upward from **↓0,2%** in May)⁴.
 - But the stark reality is that we are lagging way behind other emerging markets at an average of **↑4%** for 2023.

vi. Global shipping industry

- In the container industry, throughput volumes at Russian ports have experienced a sharp rebound, with a **↑33%** annual increase in Q2, despite the ongoing sanctions against Russia.
 - Despite the geopolitical tensions, the increase in Russian demand has been a positive development for the container shipping market amidst over-capacity that has driven down freight rates across major trades.
 - Since last year, Russian ports have drawn in over **200 000 TEUs** of incremental containership capacity since the end of last year.
- Despite challenging market conditions, the MSC fleet has grown by another **560 200 TEU (↑12,2%)**, compared to an overall growth of **↑3,5%**.
- Elsewhere, port congestion has increased slightly (but is only affecting **6,7%** of the global fleet but is **↑15%** from last week), and idle capacity has risen (**0,4%** of the total fleet), as have freight rates (**↑2,5%** (or **\$39**) to **\$1 576** per 40-ft container), while the lines continue to withhold capacity to sustain rate hikes.
- Other developments included **(1)** the UPS wage dispute resolved, **(2)** "*peak season*" disappoints in Europe, and **(3)** the K Line car carrier burning off the Dutch coast.

vii. Local air industry

- The daily average volume of air cargo handled at ORTIA the previous week amounted to **465 031 kg** inbound and **260 468 kg** outbound, resulting in an average of **725 499 kg per day** or **~101%** compared with July 2022.
 - However, the level is currently at only **~86%** compared with the same period pre-pandemic in 2019. Fortunately, imports have recently picked up and may exceed last month's total.
- The average domestic air cargo moved last week was **~53 867 kg** per day, up by **↑16%** compared to the previous week and slightly down compared to last year's level (**~98%**).
 - However, the level is currently at only **~64%** compared with the same period pre-pandemic in 2019.

³ IMF. 25/07/2023. [The global recovery is slowing amid widening divergences among economic sectors and regions.](#)

⁴ SARB. 20/07/2023. [Statement of the Monetary Policy Committee July 2023.](#)

**viii. International air industry**

- Internationally, global air cargo tonnages increased slightly in the second full week of July after lately declining for several weeks.
 - Internationally, total global air cargo tonnages in the last two weeks came close to their equivalent levels this time last year, down by just **↓2%**, thanks to some recovery of traffic ex-Asia Pacific, ex-Middle East & South Asia, and from Africa.
 - Figures for week 29 (17 to 23 July) show a **↓1%** decrease in tonnages compared with the previous week, while average worldwide air cargo prices fell slightly (**↓0,5%**, w/w).
 - It is currently around **\$2,28 per kg**, meaning worldwide average rates are **↓38%** below their levels last year, with the gap between the current rates and the average pre-pandemic levels seemingly continuing to close (**↑28%** compared to July 2019).
- In other air cargo news, the Airports Council International (ACI) World recently released its annual airport ranking, highlighting the remarkable resurgence of international air travel across various hubs in 2022 (**↑24%**, y/y).