



Date: 20 October 2023

Key Notes

- An average of **~6 063 containers** was handled per day, with **~8 110 containers** projected for next week.
- TNPA stats for September: containers are down by **↓10%** (m/m), **↓19%** (y/y), and **↓5%** (YTD). Total bulk cargoes are down versus August (**↓9%**) and **↓14%** (y/y). Vehicles are down by **↓14%** (m/m and y/y).
- Rail cargo handled out of Durban amounted to **2 160** containers for the week, **↓14%** (w/w).
- Cross-border queue times were **↓9,2 hours** (w/w), with transit times **↓1,6 hours** (w/w); SA borders increased by **~1,8 hours**, averaging **~12,0 hours** (**↑18%**); Other SADC borders averaged **~8,0 hours** (**↓20%**).
- Global freight rates decreased by a mere **↓0,4%** (or **\$5**) to **\$1 364** per 40-ft container this week.
- Global air cargo shows a **↑2%** increase in tonnages, as rates slipped slightly (**↓1%** - now at **\$2,34/kg**).

i. Port operations - General

- Port feedback this week primarily revolved around adverse weather conditions, leading to congestion and backlogs.
 - CTCT lost approximately 21 operational hours on Wednesday because of the weather. Waterside delays are of grave concern, which indicated that berthing delays at Pier 1 have reached 12 days while berthing delays at Pier 2 have reached a staggering 19 days.
 - As a result, Pier 2 indicated that import-free storage will be extended to **4,25 days** until 30 December 2023 for containers with a discharge volume exceeding 2 000 TEUs.
 - The same reports further indicated that berthing delays, on average, at Richards Bay MPT stretched between 15 and 27 days.
 - Additionally, the national rail network again fell victim to extensive cable theft this week, with the latest incident delaying operations for approximately 12 hours.
 - Lastly, due to poor weather and frequent equipment breakdowns and shortages, shipping lines adjusted their sailing schedules and bypassed ports to maintain reliability.

ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **34%**, reefers at **25%**, and empties at **28%**.
- CTCT handled a slightly improved (but still very low) **~996** (**↑27%**, w/w) containers a day, with an increased average of **~1 477** projected this week.
- DCT Pier 1: Stack occupancy **58%** for GP containers. During the same period, **2 186** imports were on hand, with **129** units having road stops and **38** unassigned.
- DCT Pier 2: Stack occupancy was **53%** for GP containers and very low at **6%** for reefers, with **8%** of reefer plug points utilised.
- DCT Pier 1 handled **~1 275** (**↓15%**, w/w) containers a day, with an increased average of **~1 586** projected this week.
- DCT Pier 2 handled **~2 491** (**↓20%**, w/w) containers a day, with an increased average of **~3 126** projected this week.
- Average TTT for DCT Pier 1 this week: **123 minutes** (**↑43%**, w/w), with a staging time of **177 minutes** (**↑61%**, w/w).
- Average TTT for DCT Pier 2 this week: **89 minutes** (**↓24%**, w/w), with a staging time of **43 minutes** (**↓69%**, w/w).
- In the last week (*14 to 20 October*), rail cargo handled out of Durban was reported at **2 160** containers, down **↓14%** from the previous week's **2 499** containers.



iii. Local and cross-border road:

- The median border crossing times at South African borders increased by **almost two and a half hours**, averaging **~12,0 hours (↑18%, w/w)** for the week. In contrast, the greater SADC region (excluding South African controlled) decreased by approximately **two hours minutes** and averaged **~8,0 hours (↓20%, w/w)**. This does not speak well for the impact of the much-vaunted Border Management Authority.
- Several accidents involving HGVs occurred on national roads this week, including **(1)** on the N3 close to Hammarsdale, **(2)** on the N1 near the Hendrik Verwoerd Tunnels, and **(3)** on the N3 at Eben Nottingham, resulting in delays.
- An extended queue at Lebombo continues to result in slow crossings, with the queue measured at 17,3 km at 15:18.
- The Mkhondo local municipality near the eSwatini border has issued a statement prohibiting truck entry during certain times.
 - These include after 22:00, between 07:00 and 08:00, 13:00 and 14:00, 16:00 and 18:00 on weekdays, and 11:00 and 13:00 on Saturdays, with no restrictions on Sundays.
- On Friday, 13 October, BURS requested northbound truck movement to be halted due to insufficient parking, as more than 150 trucks were queuing on the N4 to cross at Skilpadshek. Interestingly, as volume has increased, many vehicles entering Zimbabwe have diverted to Skilpadshek.
- Since last Friday (13 October), all truck drivers have had an ongoing National strike in Malawi. International and local trucks, since Friday, have not entered or left Malawi's borders, affecting trade seriously, not least because cargo to and from Tanzania is also affected.
 - Fortunately, by Thursday, the strike was lifted, as the Truck Drivers' Association resolved the main sticking point of salary increase with the Road Transport Operators' Association. Traffic has since started to flow again, in and out of Malawi and within.
- In summary, cross-border queue time averaged **~4,6 hours** (down by **~9,2 hours** from the previous week's **~13,8 hours**), indirectly costing the transport industry an estimated **\$4,9 million (R94 million)**. Furthermore, the week's average cross-border transit times hovered around **~8,4 hours** (down by **~1,6 hours** from the **~10,0 hours** recorded in the previous report), at an indirect cost to the transport industry of **\$7,9 million (R151 million)**. As a result, the total indirect cost for the week amounts to an estimated **~\$12,9 million (~R245 million, significantly down by ~R806 million or ↓76,7% from ~R1,05 billion** in the previous report).

iv. World trade

- Global trade remains sluggish, and once seen as a strong player, the Eurozone is now lagging and seen as the Achilles' heel of trade.
 - A report by *Tradeshift*¹, a cloud-based supply chain platform, noted that the deteriorating macroeconomic landscape in the Eurozone is leaving order books empty.
 - Tradeshift's trade activity index for the currency bloc in the third quarter was 9 points below the expected level.

v. Global shipping industry

- Investors have shaved **\$135 billion** off the stock valuation of the 11 largest publicly traded container lines over the last 18 months, as share prices have continued their inevitable decline, according to Alphaliner².

¹ Tradeshift. 16/10/2023. [The Tradeshift Index of Global Trade Health Q3 2023](#).

² Alphaliner. 18/10/2023. [Number of 'large-cap' carriers shrinks from seven to three](#).



- Just three companies have a market capitalisation of more than **\$10 billion**, having been as high as seven in May 2022.
- Privately-owned MSC – the world's largest carrier – inadvertently revealed its financial results while bidding for Italian train operator Italo³.
- These figures, which MSC typically keeps private, indicate the company made €86,4 billion in revenue, €43,2 billion in EBITDA, €35,7 billion in EBIT, and **€36,2 billion in net profit** last year across its various business activities, including liners, cruises, terminals, rail, and air cargo.
- The massive profits made by carriers during the freight rate surge significantly contributed to global inflation, with the IMF attributing around **1,5%** of global inflation as being caused by shipping⁴.
- The impact of the EU Consortia Block Exemption Regulation (CBER) expiry on 25 April 2024 on the liner shipping market has been overplayed by the carriers and their detractors, according to Linerlytica⁵.
 - Of the 43 consortia operating in the European Union in 2020, only 13 qualify for the block exemption, while the remaining consortia exceed the 30% market share ceiling, including each of the three global alliances (2M, OCEAN Alliance and THE Alliance).
- Carriers were able to stabilise freight rates, with indices registering their first weekly rise since early August. Lower capacity availability due to Golden Week holiday blanked sailings helped carriers raise rates on most of the secondary long haul routes to Australia, the Middle East, Africa, and Latin America, with the US West Coast also enjoying a mini rebound.
- The belated increase in the number of blank sailings from Asia to North Europe has raised the carriers' chances of securing at least part of the rate hikes planned on that route in November (Drewry's "Cancelled Sailings Tracker" is stable and trending at a **7% cancellation rate**⁶ this week).
- However, due to the recent number, the idle fleet has crept up to **1,1%** of the total fleet; however, global port congestion continues to be low and stable, only affecting **~5,4%** (some **1,51 million TEU**) of the industry.
 - However, South Africa's main terminals continue to feature among the 20 most congested ports, reflecting the massive berthing delays currently experienced by the industry, as shown above.
- This week, the "*World Container Index*" decreased by a mere **↓0,4%** (or **\$5**) to **\$1 364** per 40-ft container⁷ and has now become stable at a three-year low as illustrated:
 - Drewry anticipates East-West spot rates to remain close to current levels.
 - However, carriers plan a wave of sizeable FAK rate hikes across the major east-west trade lanes next month to swivel voyage results back into the black⁸, although it must be said that these plans have not always worked out as planned! In the charter market, rates are seeing sharper drops with the start of the winter slack season, further pushing down market sentiment.
 - At the same time, charter periods are also significantly shortened, with more flexible delivery periods of 1-6 months being reported⁹.
- Other developments affecting the logistics market include **(1)** the Israel/Hamas conflict and **(2)** BAL claims terminal \$8,8 million congestion surcharges were 'unfair'.

³ Chambers, S. 13/10/2023. [MSC's financial results leaked](#).

⁴ Carrière-Swallow, Y., Deb, P., Furceri, D., Jiménez, D., & Ostry, J. D. 2023. Shipping costs and inflation. *Journal of International Money and Finance*, 130, 102771.

⁵ Linerlytica. 16/10/2023. [Market Pulse – Week 42](#).

⁶ Drewry. 20/10/2023. [Cancelled Sailings Tracker - 20 October](#).

⁷ Drewry. 19/10/2023. [World Container Index – 19 October 2023](#).

⁸ Wackett, M. 20/10/2023. [Carriers fight back against sub-economic rates with FAK hikes](#).

⁹ Linerlytica. 18/10/2023. [Idles Up, Charter Rates Down](#).

**vi. Local air industry**

- The daily average volume of air cargo handled at ORTIA the previous week amounted to **478 143 kg** inbound (**↓8%**, w/w) and a very healthy **351 865 kg** outbound (**↑6%**), resulting in an average of **852 628 kg per day** or around **~95%** compared with in October 2022.
 - The numbers keep hovering below the pre-pandemic levels (**~88%**) but continue to be the closest the industry has come to these levels for some time.
- For the other two international airports, cargo handled in September also mirrors the positive developments in Johannesburg and are as follows:
 - Cape Town cargo increased by **↑32%** (m/m) and **↑30%** (y/y).
 - Durban cargo increased by **↑35%** (m/m) and **↑35%** (y/y).
- For our three primary airports, domestic cargo handled in September shows the following:
 - Johannesburg cargo decreased monthly by **↓32%** (m/m) but increased annually by **↑37%** (y/y).
 - Cape Town cargo increased monthly by **↑24%** (m/m) and increased annually by **↑81%** (y/y). It is interesting to note that Cape Town's volumes continue to grow, contrasting with the other airports.
 - Durban cargo decreased monthly by **↓4%** (m/m) but increased annually by **↑58%** (y/y).

vii. International air industry

- Internationally, global air cargo tonnages recovered slightly in the second full week of October compared with the previous week.
 - These developments follow the significant decrease the week before caused by the seasonal effect of China's National Day Golden Week holiday from 29 September to 6 October.
- Figures for week 41 (9 to 15 October) show a **↑2%** increase in tonnages and global average rates, compared with the previous week, with capacity slightly down and rates stabilising after several increases lately (now trading at **\$2,34 per kg**).
- In other air cargo news, flights in and out of Israel have decreased due to security concerns.