SAVINO DEL BENE®
Global Logistics and Forwarding Company

CARGO MOVEMENT UPDATE

Date: 8 December 2023

Key Notes

- An average of **~7 026 containers** was handled per day, with **~7 965 containers** projected for next week.
- Rail cargo handled out of Durban amounted to **2 324** containers, down by **↓6%** from last week.
- Cross-border queue times were **↑1,3 hours** (w/w), with transit times **↓0,6 hours** (w/w); SA borders decreased by **~7,0 hours**, averaging **~10,4 hours** (**↓40%**); Other SADC borders averaged **~6,6 hours** (**↓1%**).
- CTS container volume in October (dry & reefer) is up by **↑0,5%** (m/m) but up by **↑9,3%** (y/y).
- Global freight rates have sharply increased by **↑5,7%** (or **$79**) to **$1 461** per 40-ft container, YTD **~$1 677**.
- Global air cargo tonnage increased by **↑2%** (w/w), with rates continuing their trend and up by **↑1%**.

i. Port operations - General

- The usual operational constraints persisted this week, including poor weather conditions and equipment challenges and shortages across the entire port system.
  - More than 24 operational hours were lost in Cape Town this week due to strong winds, while equipment breakdowns constituted the majority of delays experienced in Durban.
  - Our Eastern Cape Ports also struggled with adverse weather conditions this week.
  - At the same time, the 'Tsitsikamma' pilot boat remained out of commission this week with no estimated time of return communicated yet.
  - Additionally, the latest reports suggest that one of the two lines affected by the derailment earlier this week was returned to service in the 24 hours between Tuesday and Wednesday, while minimal reports were received regarding the cable theft and vandalism situation on our national rail network.

ii. Port operations – Performance metrics

- CTCT stack occupancy for GP containers was **23%**, reefers at **31%**, and empties at **42%**.
- CTCT handled **~1 926** (**↑32%**, w/w) containers a day, with a decreased average of **~1 299** projected this week.
- DCT Pier 1: Stack occupancy **60%** for GP containers. During the same period, **2 708 imports** were on hand, with **310 units** having **road stops** and **270 unassigned**.
  - The terminal recorded **1 200 gate moves** on the **landside**, with an undisclosed number of cancelled slots and **200 wasted**.
- DCT Pier 2: Stack occupancy was **64%** for GP containers.
- DCT Pier 1 handled **~1 292** (**↓22%**, w/w) containers a day, with an increased average of **~1 652** projected this week.
- DCT Pier 2 handled **~2 959** (**↑3%**, w/w) containers a day, with a decreased average of **~2 865** projected this week.
- Average TTT for DCT Pier 1 this week: **96 minutes** (**↑10%**, w/w), with a staging time of **54 minutes** (**↓22%**, w/w).
- Average TTT for DCT Pier 2 this week: **9 minutes** (**↑1%**, w/w), with a staging time of **172 minutes** (**↓5%**, w/w).
- In the last week (*25 November to 1 December*), rail cargo handled out of Durban was reported at **2 324** containers, down **↓6%** from the previous week's **2 462** containers.

iii. Local and cross-border road:

- The median border crossing times at South African borders decreased by a massive **seven hours**, averaging **~10,4 hours** (**↓40%**, w/w) for the week. In contrast, the greater SADC region (excluding South African controlled) was essentially **unchanged** and averaged **~6,6 hours** (**↓1%**, w/w).
- Locally, a tanker explosion near Peaceway on the N3 caused traffic disruption, with Pietermaritzburg-bound traffic halted and Durban-bound traffic moving slowly.
- Meanwhile, the installation of new drive-through scanners at Beitbridge on the Zimbabwe side is nearly complete, pending certification of radiation walls.
  - Despite increased daily truck volumes, Beitbridge has experienced congestion due to heightened scanning activities, driven by expanded risk parameters to address mineral ore export bans and increased interceptions of cigarette smuggling, aligning with preparations for the festive season.
- Regionally, there are concerns about a potential new strike as the instigator of the previous driver strike claims that SME Mine is now paying a "risk allowance" to drivers.
  - However, the Minister of Mines in Lualaba Province, DRC, denies this assertion.
  - Additionally, the recently reopened road from Chingola in Zambia to Kasumbalesa has significantly increased tolls for trucks, potentially impacting transportation costs in the region.
  - Increased fines and NTBs have already been observed, especially at Kafue, during the festive season, and there is uncertainty about the removal of roadblocks in Zambia, with patrols by RTSA potentially being a temporary measure.
- Zim Borders is collaborating with Zimra to expedite Southbound traffic turnaround by pre-screening vehicles at the roundabout just outside the border, and they are open to facilitating the bulk clearance of trucks in batches if approached by a sufficient number of transporters.
- In summary, cross-border queue time averaged **~5,7 hours** (up by **~1,2 hours** from the previous week's **~4,5 hours**), indirectly costing the transport industry an estimated **$8,2 million** (**R154 million**). Furthermore, the week's average cross-border transit times hovered around **~7,0 hours** (down by **~0,7 hours** from the **~7,7 hours** recorded in the previous report), at an indirect cost to the transport industry of **$5,2 million** (**R99 million**). As a result, the total indirect cost for the week amounts to an estimated **~$13,5 million** (**~R254 million**, up by **~R54 million** or **↑27,1%** from **~R199 million** in the previous report).

iv. Global shipping industry

- The latest container throughput figures for October from Container Trade Statistics (CTS) – an online statistics portal measuring global containerised trade – show that container volume has increased by **↑0,5%** (m/m) this month after global volume decreased in September (**↓3,5%**).
  - The change is significantly more positive than initial predictions led to believe, notably those made by Drewry, which expects throughput to decrease by **↓8,4%**[1].
  - Annual throughput is now up by a considerable **↑9,3%** (y/y) versus October 2022.
  - Concerning freight rates, the upbeat narrative continues for shippers – similar to the index reported weekly by Drewry – the price index (reefer and dry) continued to moderate over the medium term. Rates are now down by another **↓4,2%** (m/m) and a considerable **↓54,3%** (y/y) versus a year ago – though the speed of change has subsided.

[1] Drewry. 23/11/2023. Port Throughput Indices – September 2023.

- Concerning geographical changes, six out of the seven regions registered decreases in imports, with only the Far East registering a return (a considerable one at that – **↑7,1%**).
    - With export throughput, three regions decreased, with Sub-Saharan Africa the most significant at **↓7,6%** (led by South Africa).
    - South Africa accounted for **20,8%** of SSA imports and **53,6%** of SSA exports in October when measuring these versus TNPA figures.
    - These respective shares are significantly less than even just a year ago, as illustrated below.
    - Consequently, the share of South African volumes in the SSA region has continued to decrease, albeit slowly.
- Due to disruptions at the Suez and Panama passages, containerships are altering their usual routes. Vessels tied to Israeli interests are avoiding the Suez Canal, leading to diversions, while some neo-Panamax ships on Far East-US East routes are shifting to the Suez route to bypass congestion at the Panama Canal[2].
    - These adjustments, although helping absorb surplus ships, currently impact less than **2%** of the overall fleet.
- Elsewhere, global port congestion is currently at around **1,73 million TEU** (**~6,2%** of the global fleet), which is slightly down from last week.
- There are **128 728 TEU** currently idle, as all ships over **4 000 TEU** are currently deployed, with an additional 34 ships added to the global fleet (some **158 038 TEU**) in the last month.
- The reduction is already noticeable, as several new blank sailings have been announced in the last seven days (Drewry's "*Cancelled Sailings Tracker*" is up and trending at a **10% cancellation rate**[3]).
- This week, average global spot rates rapidly increased, as the "*World Container Index*" saw a sharp rise of **↑5,7%** (or **$79**) to **$1 461** per 40-ft container[4].
    - Anticipated 2024 contracts are expected to reset **10-20%** below 2023 levels[5].
    - For charter rates, the Harper Petersen Index (*Harpex*) is currently trending at ***826 points***, down by **↓0,8%** (w/w) and **↓33%** (y/y)[6].
- Other developments this week included **(1)** Cosco following their competitors' lead and introducing a congestion surcharge, **(2)** MSC's plan to acquire the Hamburg port operator moves ahead, and **(3)** Ro-Ro market strength sets a new post-pandemic record.

v. Local air industry

- The daily average volume of air cargo handled at ORTIA the previous week amounted to **533 687 kg** inbound (**↑5%**, w/w) and **307 831 kg** outbound (**↑19%**), resulting in an average of **841 518 kg per day**.
    - The total cargo handled rebounded after last week's slight reduction, as the volume has returned to around the same levels as last year's (**~99%**) and has exceeded the pre-pandemic levels of November 2019 (**~103%**).

vi. International air industry

- Global air cargo tonnages have rebounded more quickly than last year following the annual Thanksgiving holiday in the USA, regaining the **↓2%** lost last week.

[2] Linerlytica. 05/12/2023. Market Pulse – Week 49.
[3] Drewry. 08/12/2023. Cancelled Sailings Tracker - 8 December.
[4] Drewry. 07/12/2023. World Container Index.
[5] Linerlytica. 05/12/2023. Market Pulse – Week 49.
[6] Harper Petersen Index. 08/12/2023. HARPER PETERSEN Charter Rates Index.

- At the same time, prices ex-Asia Pacific continue to rise strongly, particularly on the big long-haul lanes to North America and Europe, according to the latest weekly figures from World ACD Market Data.

- Preliminary data for week 48 reveals a **↑2%** increase in tonnages and a **↑1%** rise in global average rates compared to the previous week.
    - Despite a **↓1%** decline in overall tonnages comparing weeks 47 and 48 with the preceding two weeks, global average rates continued to climb by **↑5%**.
- Overall available capacity rose by **↑15%** (y/y), while worldwide average rates are currently **↓19%** lower than last year but remain **↑43%** higher than pre-pandemic levels in November 2019, averaging **$2,60/kg** kilo in week 48.